



FAROE Business Report

THE INTERNATIONAL REVIEW OF FAROE ISLANDS INDUSTRY AND TRADE

2015





10 Looking for Certainty in the Land of Maybe

BY MATTHEW WORKMAN

An American tour guide learns the lesson of ‘maybe’ and its prominent place in the culture and everyday life of the Faroese—and as the ‘maybe’ starts to make sense, things suddenly become more fun and more relaxing as well.

• *Plus much more in Geography*



30 Big Business? Think Again

BY QUENTIN BATES

In public debates on fishing there appears to be a gap between ‘economics’ and economics—some look for corporate profits and tax revenues alone while others seek to include a consideration of socioeconomic benefits in a broader sense.

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64 Upgrading Facilities

Rapid development of the Faroese logistics infrastructure continues as a result of pressure from success in the seafood trade—meanwhile growth is generated in the offshore support industry, calling for more shipping related services.

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Budding Entrepreneurs

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Daring to dream big amid concerns of brain drain, today’s Faroese creatives see potential in their cultural heritage—a consideration of the creative economy of the Faroes through the prism of Faroese film.

• *Plus more in Creative Scene*

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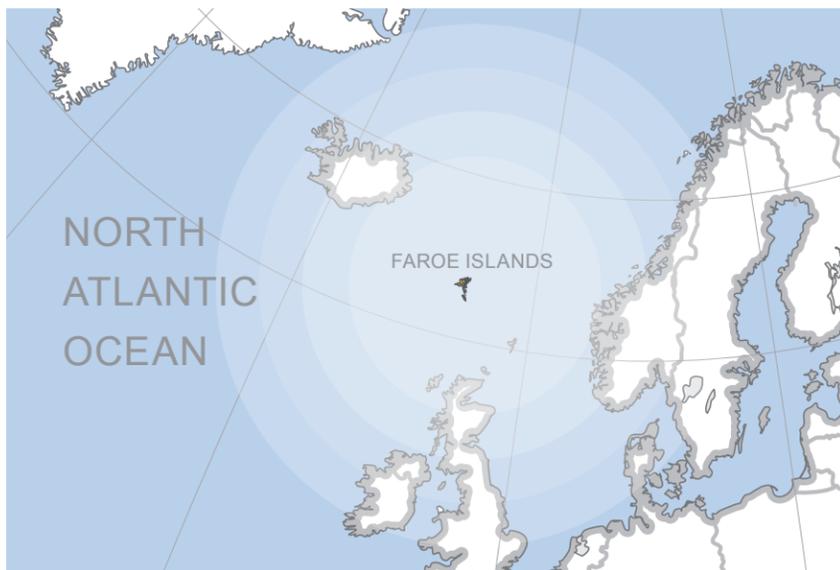
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The **Faroe Islands** is a self governing country within the Kingdom of Denmark (which also comprises Greenland), located in the North Atlantic (62°Nort 7°West), approximately 300 kilometers northwest of Scotland, 430 km southeast of Iceland, and 600 km west of Norway. The Faroe Islands is comprised of 18 islands, separated by narrow sounds or fjords. Land Area: 1400 square km (545 sq. miles). The distance from the northernmost point of the archipelago to the southernmost is 113 km, and the distance from east to west is 75 km. The largest island is Streymoy (375 km²) and the capital, Tórshavn, is situated there. The highest point, Slættaratindur, is 882 meters and the average elevation above sea level is just over 300 m; the total coastline is a little above 1,000 km. The climate is typically oceanic; the weather is moist, changeable and at times windy. Due to the influence of the North Atlantic Current, there is little variation between winter and summer temperatures. Population: 48,197 of which 19,827 live in the Tórshavn region and 4,867 in Klaksvík, the second largest municipality (2013 figures from Statistics Faroe Islands). Language: The written and spoken language is Faroese, a North Germanic language closely related to other Nordic languages, in particular dialects of western Norway (spoken) and Icelandic (written). Nordic languages and English are understood and spoken by most Faroese. Religion: Approximately distributed as follows: Evangelical Lutheran Church: 85 percent; Christian Brethren: 10 pct.; Other: 5 pct. History: The Faroe Islands is believed to have been discovered and inhabited in the 8th century or earlier by Irish settlers. The Norwegian colonization began about hundred years later and developed throughout the Viking Age. The settlers established their own parliament on Tinganes in Tórshavn. The Faroese Parliament is believed to be the oldest in Europe.

Nordixis

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WHAT A YEAR we set out to review—and what an occasion! We are very pleased indeed to announce the 10th edition of the Faroe Business Report. It's been an incredible decade of continuous reporting on the Faroese business community and its amazing level of initiative and innovation in what many would consider a difficult environment—a population of less than 50,000 scattered over a group of 18 pretty rocky islands, located in relative isolation in the middle of the Northeast Atlantic.

Imagine, this is the only international publication to cover this country's trade and industry on a yearly basis—and here we are with our 10th volume in the series. Of course we're humbled to experience this honor. As well as being part of a small business enterprise, this effort has been a labor of love and a source of joy. We intend to keep it that way.

There is surprisingly much to tell about Faroese businesses and institutions and the people and events that shape them. As such, the past year was no less eventful than previous ones.

2014 saw several new record-breaking events. Total seafood exports soared to a stunning 6.34 billion DKK (849 million EUR), first and foremost driven by continued advances in farmed salmon and pelagic fisheries. Indeed, highly significant gains were made for the Faroes in foreign relations and trade including the resolution of disputes with the EU and Norway over pelagic fisheries.

Also the first ever Free Trade Agreement was signed with Turkey, with other similar agreements expected to follow shortly, further strengthening the position of the Faroe Islands as a trading partner to a growing number of countries around the world.

In other developments, Faroe had a large piece of disputed area north of its 200-mile limit added to its territory after the Commission on the Limits of the Continental Shelf approved its appurtenance to the Faroe Islands—in effect extending Faroese territory by at least 27,000 square kilometers.

The list goes on. The extension and general upgrade of Vagar Airport was concluded with the completion of the new passenger terminal, all of which has already had a positive impact on travel and tourism. To further promote incoming tourism, the Faroese government has also committed considerable amounts of money to development through the official tourist board, whose campaigns have attracted growing attention to the Faroe Islands as a destination.

Enjoy reading!

Búi Tyril, Editor in Chief & Publisher

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16 Reaching Out to Boost Foreign Trade • Securing access to European Union markets for value added seafood from the Faroe Islands is high up on the priority list at the Foreign Affairs Department of the Prime Minister’s Office, according to Director Gunnar Holm-Jacobsen.

18 Mayor Mortensen’s Bold Vision for the Capital • Undergoing unprecedented development, the City of Tórshavn looks poised to build a strong position as a service center in the international maritime industry, a regional and domestic traffic hub, and a cultural and educational powerhouse.

20 In a Higher League • With a major upgrade and facelift successfully completed in 2014, Vagar Airport continues to see the number of passengers traveling through it soaring to record heights — propelled by newfound momentum in the incoming tourism business.

22 Building the Country, With Confidence • In the construction industry, today’s contributors to the societal development of the Faroe Islands are mostly native companies—in stark contrast to the situation only one-and-a-half decades ago, when contractor Articon was founded.

25 Seeking a Level Playing Field • According to the House of Industry, the Faroes should work further to establish a level playing field at home and abroad to help secure the competitiveness of Faroese businesses in the domestic labor markets as well as in export markets.

26 Enabling Modern Genomics in Healthcare • Visualizing ‘a new health paradigm for personalized health’ through full genome sequencing, the Faroese healthcare system could become a model for the rest of the world, explains Pál Weihe, the Faroe Islands’ most renowned scientist.

29 Timeless Wonder • Primarily known as a cultural venue, the Nordic House in the Faroe Islands is gaining prominence as a conference center, too—not least owing to its special combination of functionality, stylish elegance, and down-to-earth accessibility.

SEAFOOD, FISHERIES, AQUACULTURE

30 Big Business? Think Again • In public debates on fishing there appears to be a gap between ‘economics’ and economics—some look for corporate profits and tax revenues alone while others seek to include a consideration of socioeconomic benefits in a broader sense.

36 Pelagic Fisheries: Advantage of the Middle • After successfully claiming a larger share of the Northeast Atlantic mackerel catch quota, the Faroe Islands has gained a stronger footing in international fisheries cooperation, according to Minister of Fisheries Jacob Vestergaard.

38 Cross-Border Scientific Research Looks at Straddling NE Atlantic Stocks • With the Faroe Marine Research Institute involved in numerous scientific research projects, pelagic fish stocks considered a shared resource of several countries—herring, mackerel, blue whiting—feed extensively north of the Faroe Islands.

40 Blue Bioeconomy: From Offals to Seaweed • The Faroese Chair of the Nordic Fisheries Cooperation 2015 shines a light on North Atlantic leadership in fisheries sustainability while exploring ‘Growth in the Blue Bioeconomy’—as well as linking coastal fishing with tourism business.

42 Vessel Owners: Beyond Perception • The Faroe Fishing Vessel Owners’ Association is engaging policymakers in an outreach effort prior to an expected fisheries reform, meanwhile further reinforcing its organization with Anfinn Olsen as new chairman of the board.

44 Varðin Pelagic: ‘A Truly Comprehensive Platform’ • Five years after delivery, the Norðborg’s stellar performance continues undiminished with production increasing as the larger Christian í Grótinum starts to emulate the concept—while the Pelagos processing facility opens another door.

46 JFK: More than a Century of Experience • With 15 commercial fishing vessels including three factory trawlers, and an onshore fish processing plant, Klaksvík’s 600-employee strong JFK remains one of the largest and most diversified players in the Faroese seafood industry.

48 CIG’s Way to the End Market • In a stunning development Christian í Grótinum acquires Germany’s Larsen Danish Seafood to enter the top level of the seafood market’s value chain— while continuing to demonstrate leadership in the Faroese fishing industry.

50 Full Spectrum Fishing: Framherji • As Framherji’s pelagic vessel Fagraberg continues to deliver thousands of tonnes of fresh catch every year, versatile trawler Akraberg is to be fitted with an ensiling system to ensure full utilization of all catch and processing offals.

52 Pelagos Successfully Launched • Making a promising start for one of the world’s most advanced processing facilities of its kind, Fuglafjørður’s Pelagos in the first four months of full operations produced as much as 40,000 tonnes of frozen mackerel and herring.

54 Origin Expands Business by Adding Salted Cod • Faroe Origin saw exports of fresh fillets and loins of saithe to Germany double in 2014 following MSC certification for fishery and chain of custody—now extending its range of fresh and frozen seafood to include salted whitefish.

56 Havsbrún: Value Adding Marine Proteins • Turning pelagic catches and offcuts from filleting into meal and oil to produce feed for farmed fish can make perfect sense—and yield more seafood than expected, as one of the world’s leading salmon feed manufacturers will explain.

58 Making Trawling Smooth • Pelagic trawls from Vónin made with newly-developed Capto net twine are catching on among skippers looking for smoother operations; meanwhile the new Fortis netting promises to increase performance of benthic trawls.

58 Growing by Leaps and Bounds • Offering a full-spectrum concept in aquaculture equipment, Vónin expands its business further with new corporate headquarters and production hall in Fuglafjørður and a new hall in Nuuk—after successfully opening in Lithuania.

60 Underwater Optics: Slowly But Surely • Based in one of the world’s toughest testing environments for marine equipment, JT Electric sees soaring overseas demand for its underwater applications, notably video recorders for trawl fishing, lights and cameras for fish farming.

62 Decades of Experience in Fresh Come in Handy • Through a well-oiled supply chain, seafood veteran Landshandilin continues to ship premium products of salmon and saithe to hungry markets—making good business in Eurasia, the Far East, and North America.

PORTS & SHIPPING

64 Upgrading Facilities • Rapid development of the Faroese logistics infrastructure continues as a result of pressure from success in the seafood trade—meanwhile growth is generated in the offshore support industry, calling for more shipping related services.

66 Emerging Ship Registry Offers New Opportunities • The emerging merchant shipping industry and related services could represent a potential new economic driving force for the Faroe Islands with the FAS ship registry playing a leading part, according to the Faroese Maritime Authority.

68 Skansi Offshore: Shaping a Competitive Shipping Business • While at home receiving the Company of the Year 2014 Award, not least for its level of employee satisfaction, Skansi Offshore gains increased recognition abroad with business contracts secured in the North Sea and off East Africa.

70 World-Class Vessels Take Thor to New Level • As four of the world’s most advanced seismic support vessels are being added to Thor’s fleet, all on long-term contracts, the company’s success in the offshore business becomes evident with promising prospects—and some optimism, too.

72 Adding Attractions to Busiest Port • The Port of Tórshavn remains the top import and export hub of the Faroe Islands even as container traffic increases and cruise tourism inches upward in the country’s largest passenger gateway—while a new business center opens.



74 Port of Fuglafjørður Reinvents Itself • Home to a thriving industry and more jobs than working-age residents, Fuglafjørður during 2014 received 850 ship calls—with 220,000 tonnes of pelagic catch landed for local processing and thousands of tonnes for cold storage.

76 Up & Coming Port of Call Boosts Capacity • The Port of Tvøroyri is ready for the next level, offering its services as a growing container port backed by a worldwide infrastructure—with a new port director, vastly improved facilities, and an eye on increasing international trade.

78 Linking the North Atlantic for 32 Years • With the relaunch of Smyril Line Cargo, the owners of RoPax ferry Norróna have brought the freight service associated with the ferry back under Faroese control, reintroducing the seafood-friendly ‘rolling cargo’ advantage.

80 Upping Cold Storage Capacity • With the Faroe Islands strategically located to provide services for international vessels—and the country’s total cold storage capacity soon to exceed that of Iceland—cold store Bergfrost looks to scale up its capacity to 25,000 tonnes.

82 Opening Doors for More Ship’s Officers • Adjustments are underway for the Faroese nautical school to streamline the existing ship’s officer trainee system and reduce seafaring experience requirements, meanwhile adding more oil and gas-related courses.

84 Taking Care of Everyday Tasks • Alongside catering, garden management and more, cleaning and food service provider PM Pluss has the most diverse workforce in the Faroe Islands to help industry and institutions make sure their environments are safe and fresh.

86 MEST Sharpens Focus on Offshore Energy Sector • The MEST shipyard and engineering group is staking its claim in repairs and maintenance of oil and gas-related assets, complementing business for the fishing industry with work on offshore support vessels, oil tankers and oil rigs.

88 Klaksvík Yard on Growth Trajectory • Backed by dealerships in marine equipment such as Ibercisa and Caterpillar and with a renewed focus on service, Klaksvík’s repair yard KSS is experiencing rapid growth under the management of co-owner Frimodt Rasmussen.

CREATIVE SCENE

90 Budding Entrepreneurs • Daring to dream big amid concerns of brain drain, today’s Faroese creatives see potential in their cultural heritage—a consideration of the creative economy of the Faroes through the prism of Faroese film.

LOOKING FOR CERTAINTY IN THE LAND OF MAYBE

An American tour guide learns the lesson of 'maybe' and its prominent place in the culture and everyday life of the Faroese—and as the 'maybe' starts to make sense, things suddenly become more fun and more relaxing as well.

By MATTHEW WORKMAN





Enjoying the atmosphere at Vágsbotnur in Tórshavn.

I'M STANDING with five other people in a hotel lobby in the heart of Tórshavn. The other people are part of a tour group I'd assembled as part of a podcast I do about the Faroe Islands. The members of the group are from the United States and Canada and they've never been to the Faroes before.

It's the first morning of the tour, and already we've had to do some improvising. I had arranged for a prominent resident of Tórshavn to give us a walking tour of the capitol, but he had hurt his foot and wasn't sure he'd be up for anything that involved walking. Undaunted, I contacted another friend with an encyclopedic knowledge of Tórshavn and he agreed to fill in at the last minute.

So as we wait in the lobby, it's no surprise when my backup tour guide walks through the door. Moments later, however, the original tour guide also arrives, saying he figured his foot would hold up for a relatively short walk.

It was time, once again, to improvise. Our two guides combined their planned routes and soon we were winding through the narrow streets of Tinganes, being invited into strangers' homes to admire Dutch tiles dating back to the 17th century, and hearing tales of the early history of Tórshavn. The walking tour started late, took twice as long as we had scheduled, had several unexpected turns, and was much more awesome than our original plan. In short, it was a perfect example of what it's like in the Faroe Islands.

JUST DIFFERENT

When the British occupied the Faroes during World War II, they gave it the nickname 'The Land of Maybe,' and the country has certainly earned that reputation. It comes from a time, not all that long ago, when transportation between villages often involved getting in a boat and rowing in sometimes strong currents, or hiking over a mountain peak. Combine that with the highly changeable weather in the Faroes and you've got a life with a lot of 'maybes' in it.

Are we going to the next village today? Maybe. Will it rain this afternoon? Maybe. Will the ferry make it to Fugloy today? Maybe.

While a majority of the population in the Faroes is now connected through a series of modern roads and tunnels, it's still possible to find yourself stranded on Mykines for

a day or two if the weather is too rough for the helicopter or ferry. This happens mostly in the winter, but it's not unheard-of during the spring or summer.

The attitude of 'maybe' in the Faroe Islands is part of its charm. From the moment you get off the plane, you can feel some of your stress melt away. It's that subtle part of your stress you don't even know exists because it's just built into life in a modern urban environment. And even if you're in a hurry in the Faroe Islands, you're still slowing down in subtle ways you don't fully realize until you return home.

This casual style can, however, create a few problems when designing a tour of the Faroe Islands. Most visitors coming to a country for an organized tour expect to know the schedule for the day and to have a tour organizer who can answer simple questions like, "where are we headed next?" The tour we put together was originally supposed to work like that, but things just went differently.

Apart from the tour guide situation at the start of the tour, we had a farmer who was supposed to show us around a village who ended up heading into the nearby hills to cut hay because the weather had turned unexpectedly nice, and a local brewery that suddenly stopped offering tours because they needed all their employees to concentrate on making beer.

MORE FUN

To be fair, it wasn't always like this. On Suðuroy, we met up with an amazing tour guide who showed us parts of the island we never would have seen otherwise. In the village of Fuglafjørður, our knowledgeable and charming guide was so much fun we insisted he join us for lunch. And the musicians who agreed to perform special shows for us were punctual and dependable in a way that artists rarely get credit for.



View from the West Harbour marina with Tinganes visible.

But the twists and turns in both weather and circumstance caused our group to rethink its approach to the tour. The solution was clear: go native, and embrace the 'maybe.' Each morning, we would announce our morning schedule like any good tour group would, but it would sound a little like this, "... and in the afternoon, we'll talk to a guy who owns a fishing boat in Klaksvík... maybe, followed by dinner in Runavík... maybe."

As a result of our new strategy, we were able to take a detour to a beautiful rock formation called Witch's Finger when we saw the clouds start to part over Vágar. We were also able to accept a last-minute invitation to hear musician Stanley Samuelsen play a private concert for us in his grandfather's house

in Hósvík. We also could make the decision to just sit on the hillside by Gjógv and stare out at the awe-inspiring scene in front of us as the light from the sun crated changing patterns on the ocean in front of us, and the other islands across the channel.

It wasn't always exactly what we had planned, but the tour became much more Faroese once we embraced the maybe. And in the end, the most cherished moments on the tour came from those moments where we took a 'maybe' detour into the unexpected. Did that make it more fun? Definitely.

Matthew Workman is a journalist and the publisher of the award-winning Faroe Islands Podcast.



Mounting hiking near Viðareiði with a breathtaking view over islands and fjords in the region.

From the historic village of Kirkjubø, in the foreground Kirkjubøargarður (a.k.a. Roykstovan), the world's oldest still-inhabited wooden house from the 11th century, with the 12th century St. Olav's Church visible on the right, the oldest church still in use in the Faroe Islands (right);

A curious sheep outside the tunnel between Bø and Gásadalur on the island of Vágar (below).



Partial view of Tórshavn's old Tinganes where the Faroese government administration is located.





MARIA OLSEN

Prime Minister Kaj Leo Holm Johannesen;
Partial view of Tórshavn's East Harbour marina (right).

SERIOUS GAINS FOR FAROES

Cutting a deal with the EU and Norway to increase the Faroese share of North East Atlantic mackerel, successfully proving rights to add an outer continental shelf to Faroese territory, forging new trade partnerships—the list goes on.

FOR THE FAROE Islands, the last couple of years have seen dramatic moves in international relations. Apart from successfully negotiating a solution with the European Union and Norway after a standoff over the share of jointly managed fish quota, the Faroese saw a large piece of disputed area north of their 200-mile limit added to their territory after the Commission on the Limits of the Continental Shelf approved its appurtenance to the Faroe Islands.

Thereafter, a historic Free Trade Agreement was signed with Turkey in December 2014 and, during that month as well, an

Agreement for Scientific and Technological Cooperation was also signed with the EU. Then, in the spring this year (2015), the Representation of the Faroes in Moscow was established with a view to further develop bilateral trade with Russia.

“In our international relations some major steps have been taken in the last few years,” Prime Minister Kaj Leo H. Johannesen noted.

“We became part of a serious dispute when our big neighbor the EU initiated sanctions against the Faroe Islands,” the Prime Minister commented on the recent row with the EU over mackerel and herring, which be-

gan in 2010 and escalated throughout 2013 before finally being resolved in the course of the summer of 2014. “We came under immense pressure but were determined to stand our ground,” Mr. Johannesen added; “but we had a just cause, as underscored with the international arbitral tribunal proceedings that we initiated.”

The Faroese were eventually proven right when the EU conceded to most of their demands amid international dispute settlement proceedings prompted by the Faroe Islands.

The normalization of relations with the EU paved the way for the signing of the Agreement for Scientific and Technological Cooperation, which provided for the association of the Faroe Islands to the Horizon 2020 Framework Programme for Research and Innovation from 2014 to 2020.

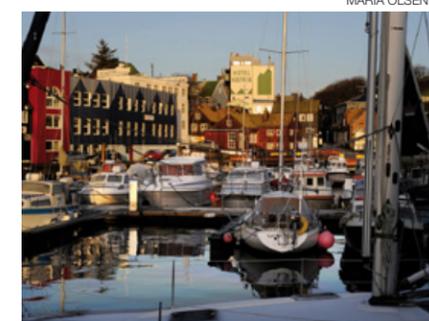
Back in 2010, the Faroes had become formally associated to the EU FP7 and a range of European projects have already seen active involvement of Faroese researchers and institutes in areas such as the environment, climate change, ecosystems and fisheries management.

“As an island nation with a robust marine-based culture and economy, we offer a strong science base with advantages in specific fields,” Prime Minister Johannesen said. “I see a great deal of potential for the Faroes to become more involved in new and emerging areas of research and innovation, such as aquaculture, renewable energy and maritime transport technologies.”

‘A SIGNIFICANT STEP’

In March 2014, the Commission on the Limits of the Continental Shelf (CLCS), a UN treaty organ established under the Convention on the Law of the Sea, recognized the claimed entitlement of the Faroe Islands to an outer continental shelf beyond the 200 nautical miles north of the Faroes. The area covers 87,792 square kilometers of continental shelf and was submitted to the CLCS in the spring of 2009.

As it turned out, the CLCS endorsed the entire area claimed by the Government of Denmark together with the Government



MARIA OLSEN

of the Faroes. As Norway and Iceland have overlapping claims to parts of the area in question, Denmark/Faroes, Iceland and Norway agreed earlier to a prospective procedure on how to delimit the area of mutual interest. One implication is that Faroese territory will be extended by at least 27,000 sq. km.

Then toward the end of 2014, the Prime Minister signed a Free Trade Agreement in Ankara with Turkish Minister of Economy, Nihat Zeybekçi.

Mr. Johannesen welcomed the agreement as an important step forward in Faroese foreign trade policy. “Turkey is a significant market,” he said, “and a growing one for both salmon and pelagic fish, which are the main exports from the Faroe Islands. The agreement provides the Faroe Islands with duty-free access for our most important products. We can now compete on equal terms on the Turkish market with other seafood-exporting countries including the EU, Norway and Iceland.”

On 10th March this year it was time for the formal opening of the Representation of the Faroes in Moscow. Dr. Bjørn Kunoy, legal adviser in the Foreign Affairs Department, was appointed Head of the Representation.

“The friendly relations between the Faroe Islands and Russia are long-standing and have essentially been founded on reciprocal fisheries interests,” Prime Minister Johannesen said.

“The establishment of the Representation is a significant step forward in Faroe-Russian relations and will facilitate and strengthen the cooperation between both countries to their mutual benefits.”

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The Prime Minister's Office is the administrative office of the Prime Minister of the Faroe Islands. The Office prepares, carries out and follows up on the tasks with which the Prime Minister is charged according to the Constitution, including issues of governmental policy, foreign policy and public administration.

The Foreign Affairs Department is the division of the Prime Minister's Office tasked with foreign affairs.

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REACHING OUT TO BOOST FOREIGN TRADE

Securing access to European Union markets for value added seafood from the Faroe Islands is high up on the priority list at the Foreign Affairs Department of the Prime Minister's Office, according to Director Gunnar Holm-Jacobsen.

THE EUROPEAN Union has long been the Faroe Islands' largest trading partner, despite a recent decline including an unfortunate period during which the EU imposed an embargo on mackerel and herring from the Faroes in a dispute over catch quotas.

The sanctions, initiated in August 2013, were lifted a year later following a breakthrough in negotiations amid international arbitral tribunal proceedings. The ramifications of the dispute, however, were serious for the Faroese, whose predominant source of income is fish. For the islanders, the sanctions were considered an existential threat, or to be so intended.

The urgent quest for alternative markets, not surprisingly, became a defining factor for Faroese trade relations, with Russia, United States, Nigeria, China, Vietnam, Singapore, United Arab Emirates, and other markets gaining prominence.

In the case of Russia, there was already a long-standing tradition of fisheries collaboration. Said Gunnar Holm-Jacobsen, head of the Foreign Affairs Department at the Prime Minister's Office: "Our exports of fishery products to Russia have a long track-record and have increased incrementally during the last 10 years."

Meanwhile, the fact that the Faroe Islands—despite being a separate jurisdiction with its autonomous trade relations with third countries—is part of the realm of the Kingdom of Denmark, can in certain situations cause confusion, in particular where the EU, which does not comprise the Faroe Islands, is targeted by, in this case, Russian retaliatory sanctions. To clear out any possible confusion regarding the Faroe Islands' status as a non-member of the EU, Prime



MARIA OLSEN

Foreign Affairs Department
Director Gunnar Holm-Jacobsen.

of their imports. What we have to highlight, then, is the fact that our exports will add valuable supply and choice for our trade partner's imports."

As for the EU, the Faroese government is looking to further develop trade relations with the hope of updating the existing Free Trade Agreement—first entered into force in 1997 before undergoing a major revision in 1999—to match current economic realities. In line with recent changes in marine ecosystems around the Faroe Islands, the composition of Faroese seafood exports has changed significantly compared to only a few years ago.

"There is a newfound interest in our seafood industry to export value-added products to the EU market," Mr. Holm-Jacobsen said. "However, the level of customs duties currently in place makes it virtually impossible. Addressing issues such as these is part of what we are working on at the moment. Right now we are looking at agenda items together with our EU colleagues, as we prepare for our Joint Committee meeting in May."

Representation of the Faroes in Moscow, housed at the Royal Danish Embassy.



Minister Kaj Leo H. Johannesen in September 2014 flew to Moscow, where he met with Ilya Shestakov, Deputy Minister of Agriculture and Head of the Federal Agency for Fishery, to receive assurances that reverse sanctions did not extend to the Faroe Islands.

"Our ambition has long been to establish a Free Trade Agreement with a number of countries, including Russia," Mr. Holm-Jacobsen said.

"The Prime Minister's September meeting in Moscow was focused on the immediate situation surrounding our exports and as such turned out fruitful. Concerning a Free Trade Agreement, the hope is that a formal decision will be made in the very near future mandating the Eurasian Economic Union to commence negotiations."

In a separate development that has been underway for a long time, the Representa-

tion of the Faroes in Moscow opened in March 2015 to become the fifth such office, alongside Brussels, London, Copenhagen, and Reykjavik. According to Mr. Holm-Jacobsen, the new Representation is expected to ensure that the interests of the Faroe Islands, including an improved trade framework, is duly represented towards Russia and its neighbors.

VALUE-ADDED SEAFOOD

A free trade agreement, meanwhile, was signed with Turkey in December 2014, clearing the way for Turkish imports of Faroese fish and for Faroese imports of Turkish products. The agreement, pending ratification by the parliaments of both countries, will see Turkey's 30 to 50-percent customs duties on Faroese seafood products be lifted.

Mr. Holm-Jacobsen said: "With this free trade agreement, the Faroes will be granted the same market access as EFTA members when it comes to fishery products—that is, no customs duty on such products." He added: "We had an initiative coming from the Faroese business community and there appeared to be considerable interest from the Turkish side to import Faroese goods."

For the Faroese, other candidates high on the priority list for a similar agreement include the European Union, China, South Korea, Japan, Brazil, and Russia.

"One difficulty for small nations to enter into trade negotiations with larger ones has to do with the fact that their bargaining power may seem limited considering the apparent negligible volumes

Exhibition stand of a Faroese fish exporter during the Seafood Expo Global trade show in Brussels, April 2015.



ELI EIRIKSSON

MAYOR MORTENSEN'S BOLD VISION FOR THE CAPITAL

Undergoing unprecedented development, the City of Tórshavn looks poised to build a strong position as a service center in the international maritime industry, a regional and domestic traffic hub, and a cultural and educational powerhouse.

MAYOR of Tórshavn Heðin Mortensen, a long-standing advocate for far-reaching development projects in the Faroese capital, has unveiled his grand vision of an international hub in the maritime industry.

During a presentation at the Danish Parliament, Mr. Mortensen said that the Municipality of Tórshavn has been looking into opportunities in developing maritime services with a large extension plan for the Port of Tórshavn taking stock of facilities necessary for the Faroe Islands to be internationally competitive in this field.

The “New business opportunities in the North Atlantic” conference, held at the Folketing in Copenhagen in April this year (2015), brought together policy makers and other delegates to discuss ship traffic and a major shipping lane taking shape in the Arctic region between Europe and Asia, as well as stressing regional tourism.

“The Faroe Islands has a proud history and an excellent reputation as a seafaring nation,” Mr. Mortensen told the delegates. “Our seafarers are famed for their competence and flexibility and because of that they are in high demand around the world. In the Faroe Islands, not least in the Municipality

of Tórshavn, we realized long time ago that there are plenty of business opportunities in maritime services.

“At the same time we acknowledge the necessity of maintaining, upgrading and acquiring, on an ongoing basis, the facilities required for participating competitively in that industry.”

“We are determined to become part of this promising future,” the Mayor added with a references to the prospects of a shipping boom in the Arctic region and the waters surrounding the Faroe Islands.

Three key advantages of Tórshavn in the context of international competition were noted in the mayor’s speech—geographical location; relevant expertise; and the planned harbor development.

On a separate note, several large projects are currently being carried out or planned in the Faroese capital for completion within the near future. These projects include the construction of the impressive Marknagilsdepin, a 19,500 square meter college building that will house 1,300 students. The complex, set to open in the autumn of 2016, includes college, business school and technical college, in a highly versatile solution.

Another example is the Eysturoyartunnin, a 1.2 billion DKK (160M EUR) fixed link between Tórshavn and the two arms of the longest fjord on neighboring Eysturoy through a gigantic underwater tunnel, scheduled for completion by the second half of 2019. Undertaken by an incorporated entity under the Faroese government, the Eysturoyartunnin is the single largest construction project in the history of the Faroe Islands.

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Mayor: Heðin Mortensen
Chief Executive: Ingibjörg Berg

Tórshavn is the main economic, political and cultural center of the Faroe Islands. Tórshavn has been the capital of the Faroe Islands since 850 A.D. and is the country’s largest population center.

Today, the Municipality has a population of around 20,000, which is more than 40 percent of the total population of the Faroe Islands.

The Municipality of Tórshavn encompasses the communities of Tórshavn, Argir, Hoyvík, Hvítanes, Kaldbak, Kaldbaksbotnur, Kirkjubøur, Velbastaður, Kollafjørður, Oyrareingir, Signabøur, Sund, Norðradalur, Syðradalur and the neighboring islands of Nólsoy, Hestur and Koltur.



Mayor Heðin Mortensen; Vágsbotnur seen from the West Harbour (below); Aerial view of harbors and surroundings (opposite).

Yet another project is Tórshavn’s international football stadium Tórsvøllur with an audience capacity of 9,000; the next phase of the current extension will see a roof structure added above the spectator area on the eastern side of the pitch.

‘SERIOUS COMMITMENT’

Then there is BankNordik’s new headquarters, a circular building on a hill with a spectacular, 360-degree view.



Nearing completion as of this writing (April 2015), the building—set to place all of BankNordik’s operations in Tórshavn under one roof and gather all of the bank’s local employees there—is already having an impact on the cityscape of Tórshavn.

Last but not least is the planned extension of the East Harbour to substantially upgrade the Port of Tórshavn’s capacity to meet the challenges of growing ship traffic. This is directly linked to Mayor Mortensen’s vision of Tórshavn as an international maritime hub.

“The extension of the port will enable us to make full use of existing expertise to meet increasing demand and participate in the business growth of the region,” Mr. Mortensen said.

“Even if the Faroe Islands is a small country and even if the Port of Tórshavn is small, we see large opportunities in our attractive geographical location as

one of our key advantages from a North Atlantic regional perspective.

“We are situated in the immediate vicinity of a major shipping lane between Europe and Asia, the Northeast Passage with forecasts of an explosive increase in ship traffic in the future. With our high proximity to this sea lane relative to other ports, there are some obvious business opportunities which now call for serious commitment to development.”

Part of the client base for maritime services will be found in the offshore energy industry, for example in the oil and gas fields in the West of Shetland area as well as in the Norwegian sector of the North Sea.

“We are closer than say Aberdeen to some of the large oil fields northwest of Shetland,” the Mayor said. “With the extension of our harbor facilities, we will be more able to meet the requirements of the demanding offshore industry.”

IN A HIGHER LEAGUE

With a major upgrade and facelift successfully completed in 2014, Vagar Airport continues to see the number of passengers traveling through it soaring to record heights — propelled by newfound momentum in the incoming tourism business.

WITH A 50-percent extension of the runway, modernized navigation and airport lights plus a brand new terminal and service building—Vagar Airport's 425 million DKK (57M EUR) investment is taking the Faroe Islands' only airport to a higher plane of existence in the aviation business. The new reality coincides perfectly with a rise in incoming tourism amid fresh injections of government cash to the official tourist board, more than doubling their marketing budget to 16.8M DKK (2.25M EUR).

"The Faroese tourism industry is clearly going through a process of positive change as the Ministry and Trade and Industry is committed to helping boost this economic sector," said Vagar Airport CEO Jákup Sverri Kass. "The industry works closely together through Visit Faroe Islands and we are of course excited about the prospects now with their boosted budget. So one of the questions we are looking hard into is how to make good use of the advantages offered with the upgrade of the airport."

As a case in point, national carrier Atlantic Airways recently decided to add Edinburgh to its flight route network, which opened on 30th March this year (2015).

"We can see many potential synergies in this new route between Vagar and Edinburgh," Mr. Kass commented. "Knowing Edinburgh Airport is a major hub for Scotland with 20 airlines doing regular flights to and from there, we are going to recommend the Faroe Islands where appropriate as an additional destination or transit point. In fact we are already in dialogue with a number of airlines and charter operators as well with a view to offer the Faroe Islands for consideration in their future plans."

Back at Vagar, one of the most significant differences compared to earlier—the entire airport renovation project was successfully completed in the summer of 2014—is the flight range that can now be supported: it jumped from 1,400 kilometers to 5,300 km. In practical terms, whereas earlier flights were confined to destinations in Denmark, Iceland, the UK, Ireland, Norway, parts of Sweden and a little corner of western Greenland, now they can go much farther to include all of Europe, the entire Arctic region, just about half of Asia, a good piece of North America, and much of North Africa and the Middle East.

FLYING COLORS

Also significantly, the variety of aircraft types that the airport can receive has become greater because of the greater length of the runway, which is now 1799 meters compared to 1250 before the extension. Traffic regularity has inched upward, too, in result of the combination of new state-of-the-art navigation instruments and a highly improved light configuration which includes new central lights and flash lights at both the east and the west ends of the runway.

"Call this a revolution if you like," Mr. Kass added. "This is a huge step of historic proportions for this country. It means the number of destinations within reach of direct



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Vagar Airport FAE

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CEO: Jákup Sverri Kass
Airport Manager: Jákup Egholm Hansen
Quality Manager: Jákup Persson

Vagar Airport Ltd is responsible for conducting all operational activities at Vagar Airport, the Faroe Islands' only airport.

Vagar Airport is an entity controlled by the Faroese Government, under the oversight of the Ministry of Trade and Industry.

Vagar Airport was originally a military installation, built during World War II.

In the early 1960s the need and popular demand in the Faroes for civil aviation grew to the point of making a modernization of the runway a necessity to facilitate passenger traffic.

Vagar Airport became operational for civil aviation in 1963. During the early years only propeller aircraft were implemented. Since 1977 jet aircraft too have serviced the routes to the airport. The Danish Civil Aviation Administration administered Vagar Airport from 1963 to April 2007.

A major renovation and runway extension was completed in 2014.

CEO Jákup Sverri Kass.

Aerial view of Vagar Airport's new terminal and service building.



flights to and from Vagar has grown exponentially compared to 2011 and, also, because of the fact that the number of aircraft types that can land and take off at Vagar has increased significantly, our services can now be offered from a much stronger position compared to earlier. So our area of coverage is certainly large enough to keep us busy for the foreseeable future. One of the main challenges right now is establishing, making known the fact we are here and we're open for business and part of that means informing people about the Faroe Islands and all the things available here whether for business or pleasure."

Business indeed appears to be going in the right direction for Vagar Airport

with the upward trend in the number of passengers arriving or leaving the airport continuing—that is, after last year's record-breaking number of 250,000 which marked a 35-percent increase on the decade from 2004.

This year indeed, the whole operation including the new passenger terminal were put to test on the occasion of the total solar eclipse on 20th March. The month saw an increase of 7,160 passengers compared to March 2014.

Said Mr. Kass: "I was very pleased to note that our personnel and our facilities were up to the task in the face of this spectacular event, particular on and around the 20th March. Fortunately everything went smooth and we were able

to handle the huge traffic spike. That test was passed with flying colors."

With financial results improving, meanwhile, Vagar Airport has decided to lower its transit fee from 185 to 165 DKK (22.12 EUR), bringing it under that of Copenhagen Kastrup.

Passengers departing.



BUILDING THE COUNTRY, WITH CONFIDENCE

In the construction industry, today's contributors to the societal development of the Faroe Islands are mostly native companies—in stark contrast to the situation only one-and-a-half decades ago, when contractor Articon was founded.

IF THEY can do it, we can do it. With that thought as a motivating force, a group of young Faroese entrepreneurs, after completing their engineering and business training and gaining a decade or so of experience in the trade, decided to start construction firm Articon in 2001. The explicit aim: take on larger public works and challenge the excessively dominant market position held by foreign companies. Among Articon's founders were Jón Sigurdsson and Niclas Joensen, who together now form the company's core management team as CEO and CFO, respectively.

Articon hit the ground running, signing a relatively large first contract.

The company has subsequently grown to become one of the top players in the Faroese construction industry, winning bids for many of the most prestigious projects, including the recently delivered Vagar Airport passenger terminal, the currently ongoing road tunnel to Viðareiði, and the soon-to-be-com-



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CEO: Jón Sigurdsson
CFO: Niclas Joensen

Articon is a fully integrated contractor able to undertake and successfully conduct all projects within:

- Road and harbor constructions
- Planning and landscaping
- Ground and sewer construction
- Concrete work
- Timber and joinery
- Shipwright

Dedicated and skilled employees, a considerable park of the most modern equipment together with financial strength enable Articon to undertake building and construction works in Europe.

The founders of the company are rooted in the old Faroese culture where a firm hand shake is the foundation and beginning of long lasting commercial relationship.



MARIA OLSEN

pleted Bank Nordik corporate headquarters in Tórshavn.

"In some projects, such as the Viðareiði tunnel, we collaborate with others, in this case a major Norwegian contractor," Mr. Sigurdsson said. "Other projects are turnkey contracts for which we are responsible for the entire process, usually with a set of sub-contractors involved. There are other modes of collaboration as well, such as partnering, which is a more modern way of organizing a construction project; it means the contractee participates along with consultants and the contractor throughout all stages of the project to achieve the optimal result."

Some other, quite different projects completed by Articon include public schools and elderly care homes, one example of which was Tórshavn's Boðanesheimið, of green energy fame.

"The Faroese market is rather small," Mr. Joensen noted. "We've been very focused, however, on certain types of projects,

including road and port infrastructure. At the same time we accept a very wide range of project types."

RECOGNIZED

Over the years, meanwhile, things have changed as the Faroese have become more confident in their own abilities to develop their country's societal infrastructure.

"When we started there were virtually no Faroese contenders to many of the major public works that were undertaken. We found that peculiar as we even knew from back in school some of the executives and managers of the foreign entities that were active here. So we knew that as we shared the same professional qualifications, while enjoying superior local understanding, it wouldn't take rocket science to figure that we would be likely to win some contracts."

"We like projects that pose some

technical challenges," Mr. Sigurdsson added. "What we really wanted to build was a Faroese contractor able to compete with the foreign ones that were dominating the construction market at the time."

That mission has clearly been accomplished, although a few foreign players remain—something, however, that is seen as an advantage for the Faroese.

"Fortunately we've had some very large public works, like the underwater tunnels, and the technological expertise that some major foreign contractors have offered has been crucial. They tend to be much larger firms compared to any in the Faroes, having more resources, human, financial and otherwise. Therefore some of these projects would not have happened if these contractors hadn't been tendering for them. At the same time, we're seeing some remarkable advancement taking place in the Faroese construction industry and that is at least in

Left to right, CFO Niclas Joensen and CEO Jón Sigurdsson photographed in Bank Nordik's soon-to-be-completed new corporate headquarters;

Partial view of Vagar Airport's new passenger terminal (below);

Church of Hoyvík (opposite).

part due to these large projects—so now Faroese firms are becoming increasingly involved in building underwater tunnels, which would have been unthinkable say a decade ago."

As a fully integrated contractor, Mr. Sigurdsson explained, Articon are able to undertake and successfully complete projects ranging from road and harbor construction to planning and landscaping, from ground and sewer construction to concrete work, from timber and joinery to shipwright. The company also accepts orders from overseas and have completed projects in Shetland and Norway.

While a typical project for Articon will span over a year or so, a larger one will extend over two years or more; a small project will take some six months to complete. Through the course of a year Articon will likely have worked on approximately 20 projects.

"Every year is unique," Mr. Joensen said. "Last year [2014] we tendered for 46 projects and the previous year, 54 projects. The projects can vary extremely much and we place great emphasis on flexibility and mobility. We have highly skilled people and project management is one of our absolute strengths. We are recognized for delivering top-quality work consistently and on time."



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Marita Rasmussen, managing director of the Faroese Employers' Association.

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Managing Director: Marita Rasmussen
(Faroese Employers' Association)

The House of Industry is the community of employers and business associations in the Faroe Islands.

Member organizations include, amongst others:

- Faroese Employers' Association
- Fish Processors' Association
- Faroese Fish Farmers
- Faroe Oil Industries Assn.
- Merchant Shipping Association

SEEKING A LEVEL PLAYING FIELD

According to the House of Industry, the Faroes should work further to establish a level playing field at home and abroad to help secure the competitiveness of Faroese businesses in the domestic labor markets as well as in export markets.

FOLLOWING its successful lobbying for better Faroese access to export markets beyond the European Union, the House of Industry has reiterated its call for further work on Free Trade Agreements while at the same time calling for government policies that allow Faroese businesses to compete on equal footing with foreign ones in the domestic labour market.

A few years ago, the House of Industry recommended that a Free Trade Agreement be established with the Eurasian Economic Union (Russia, Belarus, Kazakhstan), China, and Turkey.

Last December (2014), the Faroe Islands and Turkey signed a Free Trade Agreement, much in line with recommendations outlined in a report issued by the Faroese Employers' Association, a leading member organization of the House of Industry. Meanwhile, further in line with the recommendations, a Free Trade Agreement is expected to be signed with the EEU shortly, according to Faroese government sources.

"We are pleased to see that progress is being made in these strategic areas," said House of Industry representative Marita Rasmussen, managing director of the Faroese Employers' Association. "We want to stress the importance of maintaining the momentum that has been gained to make sure the vital interests of the Faroese seafood industry are met. We need to develop our trade relations further with several countries and blocs including the EU, the EEU, and China, to name some."

'APPROPRIATE POLICIES'

As for the Faroese labor market, the situation has somewhat improved, Ms. Rasmussen said with a reference to new provisions allowing for the employment of EU citizens under certain conditions.

"However," she added, "imbalances remain that put our employers at a fiscal disadvantage in the competition for skilled workers, not least in relation to neighboring countries where large numbers of Faroese people are work-

ing under favorable arrangements. This situation has led to a long standing deficit of skilled workers in certain fields, which is costing some of our members serious amounts in lost business. As we acknowledge the progress that has been made, we urge the government to address this issue further in order to resolve it in the near future."

"There are countless parameters of competition that governments can do little or nothing meaningful about and indeed should not get involved with," Ms. Rasmussen said.

"On the other hand, they can use fiscal policy and foreign trade policy in constructive ways to adjust imbalances. Obviously, to the extent we want to create conditions in which our industries can thrive in the export markets as well as in the domestic markets, appropriate policies must be applied. We have no doubt that our political leaders are aware of the issues and that they are exerting their efforts to find solutions."

ENABLING MODERN GENOMICS IN HEALTHCARE



Dr. Pál Weihe, head of FarGen.

Visualizing ‘a new health paradigm for personalized health’ through full genome sequencing, the Faroese healthcare system could become a model for the rest of the world, explains Pál Weihe, the Faroe Islands’ most renowned scientist.

MEET MEDICAL doctor and researcher Pál Weihe, Chief Physician of the Department of Occupational and Public Health, Professor of Public Health at the Faroese University, and head of the FarGen project. His 120 peer-reviewed articles published in scientific journals, with some 5,000 academic citations, make Dr. Weihe one of the Faroe Islands’ most widely recognized scientists.

His vast body of research, dating back to 1984 and continuing—some 35,000 research hours to date—is primarily steeped in the field of environmental

medicine, focusing largely on the effects of heavy metal marine pollution. Specifically Mr. Weihe has looked into, for example, risks of unborn children suffering mercury poisoning in result of their mothers consuming certain amounts of whale meat.

30 years of scientific research have given Mr. Weihe unique insights into various issues related to public health and the Faroe Islands. At the same time, with his numerous travels and extensive network of fellow researchers across the world, Mr. Weihe has a truly international perspective.

Aside from a host of research projects in environmental medicine, a different project, FarGen, was initiated in the Faroe Islands a few years ago.

The original idea, “to identify the potential for human genetics in the Faroes,” soon turned into something more ambitious.

“From focusing on only a few specific Faroese high frequency diseases,” according to Mr. Weihe, “the FarGen idea evolved into a holistic health care model visualizing a new health paradigm for personalized health.”

One main reason for the leap of purpose was the rapid advances taking place in biotechnology, genetics, and information technology.

“In the last seven years or so we have seen an accelerating development taking place in whole genome sequencing in a research context. So with FarGen, of course this pace of development was taken into account quite early on.”

In other words, FarGen is all about applying modern genomics and how to take the Faroese healthcare system to the next level, and in the process inspire others in the drive to make genomic information usable and standard routine in healthcare.

HOMOGENOUS NATION

“As far as I can see, the future of genomics and healthcare lies in personalized medicine,” Mr. Weihe said. “That implies moving away from the ‘one-size-fits-all’ philosophy, and away from the old deterministic approach—toward embracing the reality of gene-environment interaction which concerns the crucial interplay between a person’s external and internal environments. In all of this, education plays a significant role, not least to build trust and avoid stigmatization and similar potential ills; even more fundamental is addressing the ethical, legal and social implications. In my opinion the Faroe Islands has so far managed this process very successfully.”

In response to growing interest in genetic research, a special law was passed by the Faroese parliament in 2006 to regulate the area, designed to introduce privacy safeguards and establish the Genetic Biobank (Ílegusavnið) under the Ministry of Health. The establishment of the Genetic Biobank that year subsequently provided a natural home for the FarGen project.

As per its own definition, “The Genetic Biobank is a coordinating unit within the Public Health Sector whose mandate is to organize, develop and administer a Tissue Registry, a Diagnosis

Registry and a Genealogy Registry and to process applications for permission to study the information contained in said registries.”

Thus the Genetic Biobank “started its efforts to develop the infrastructure to establish and maintain an active biobank, to utilize such a resource in conjunction with medical and genealogical data to support research projects aimed at discovering the relationship between genetic background, environmental influences and disease onset and progression.”

Hardly surprising, as a genetically homogenous nation the Faroe Islands tends to be of interest for genetic research. Applying genetics at the systemic level in healthcare, however, presents a different set of challenges.

OVERSEAS FUNDING

The fact that the Faroese genome is being made part of the public healthcare system is believed to be important for the prevention of potential abuses.

Said Mr. Weihe: “To achieve success in making the genome an integrated part of the healthcare system, you have to isolate it from negative perspectives and perceived risks. Technically the practical arrangement of the personal data and medical records involved—especially the separation between chemical sequencing and bioinformatics processing—makes the system very difficult to abuse.

“The Faroese healthcare system is advanced in spite of the minuscule size of the population. In effect the Faroese society is reminiscent of a laboratory, which of course makes it interesting in the context of research.”

In 2013, an international FarGen Conference was held in Tórshavn with the participation of scientists from several countries. The event helped generate publicity and brought it to the attention of lawmakers, resulting in a 10 million DKK (1.34M EUR) boost from the Danish Government.

“We are very pleased with this development,” Mr. Weihe noted.

FarGen

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Project Director: Dr. Pál Weihe

The Faroese Genome Project (FarGen) aims to sequence whole genomes of the Faroese population. Together with existing health and genealogical records, such a comprehensive sequencing project can improve health knowledge, treatment and prevention services in the Faroese health system. The project is owned and managed by the Genetic Biobank (Ílegusavnið).

In June 2006 the Genetic Biobank (Ílegusavnið) started its efforts to develop the infrastructure to establish and maintain an active biobank, and to utilize such a resource in conjunction with medical and genealogical data to support research projects aimed at discovering the relationship between genetic background, environmental influences and disease onset and progression.

The Genetic Biobank is a governmental institution under the Ministry of Health www.hmr.fo, with a mandate to organize, develop and administer a Tissue Registry (biobank), a Diagnosis Registry and a Genealogy Registry and to process applications for permission to access and study the information contained in the said registries. The Genetic Biobank is the official institution authorized to conduct genetic research on human tissue from individuals registered in the Faroes.

“There is a wide range of research topics that are relevant to FarGen and this cash injection will make it possible to launch such projects. Without such extra funding, there is little we can do in the way of research.”

Over the years, by far the majority of Mr. Weihe’s research projects have been financed through funding from overseas, especially from the United States and European Union.

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TIMELESS WONDER



Primarily known as a cultural venue, the Nordic House in the Faroe Islands is gaining prominence as a conference center, too—not least owing to its special combination of functionality, stylish elegance, and down-to-earth accessibility.

FOR DECADES, the architectural pearl that is the Nordic House in the Faroe Islands has steadily exerted its considerable cultural influence on Tórshavn and the rest of the Faroes. The striking, turf-roofed structure of glass, stone and steel was seamlessly extended with a conference hall in 2008, on the occasion of its 25-year anniversary, clearing the way for increased activity levels.

“There was already a growing interest among businesses and organizers to use the House for major events, both cultural and business,” said managing director Síf Gunnarsdóttir.

However after the extension, unsurprisingly, the demand for conferences and business related events started to accelerate. “Apparently more businesspeople started to realize that this venue is suitable for many types of conferences, courses, and corporate events,” Ms. Gunnarsdóttir said.

“At the same time we have noted an upward trend in larger events, especially as a cultural venue, which is our primary function, but also as a conference venue. Some of the major cultural events—classical concerts, art exhibitions, pop music events, for example—seem to grow bigger and bigger; and the same can be said of a growing number of large business events and conferences.”

So what would be the reason for the rising popularity of the Nordic House in

the Faroe Islands as a cultural venue and a conference center?

For sure, Norwegian architect Ola Steen’s masterpiece is outstanding and special; and yet it blends into the natural environment as if always a part of it. Its marvelous yet inviting architecture seems to unite the best of two worlds.

On a more practical level, it’s relatively spacious, has a relaxed atmosphere and is very well equipped with the latest technology.

“Much can be said about the design of the house and, obviously, it has been proved very successful,” Ms. Gunnarsdóttir said. “Most people seem to agree that it’s both beautiful and useful at the same time. It’s often maintained that it’s timeless and I agree—it continues to feel modern and contemporary after many years. It has this peculiar attribute in that it tends to grow, as it were; and it seems people appreciate it more and more.”

“On the other hand,” she added, “the success of an enterprise like this is invariably linked to the people directly involved. So the employees have played a key role and continue to do so.”

Whichever way, for an increasing number of residents and visitors alike, the house represents an understated wonder that keeps on keeping on.

Nordic House
in the Faroe Islands
Norðurlandahúsið í Føroyum
Norðari Ringvegur
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Managing Director:
Síf Gunnarsdóttir

Deputy Managing Director:
Urd Johannesen

The Nordic House in the Faroe Islands is a forum for Faroese and Nordic art, with a program encompassing primarily concerts, theater and dance performances and art exhibitions.

The house is designed as a versatile building and is used both a leading cultural house and an international conference center — the best in the Faroe Islands.

The flexible architecture lends itself to a large variety of events, making it possible to rent facilities for congresses, meetings and receptions.

Managing Director
Síf Gunnarsdóttir.



BIG BUSINESS? THINK AGAIN

In public debates on fishing there appears to be a gap between 'economics' and economics—some look for corporate profits and tax revenues alone while others seek to include a consideration of socioeconomic benefits in a broader sense.

By QUENTIN BATES

SOMETIMES I forget just how long I've been doing this and in all the years involved in fishing in one way or another, first at the sharp end and later as a journalist, there's often a sneaking feeling I get that tells me I understand less of how fishing works than on that day I was shown how to sharpen a knife and told to get on with it.

Fishing is an odd business and it's arguable that there's no such thing as 'the fishing industry' that the greens, the grandees of the big NGOs and so many economists and academics so earnestly preach about; just a collection of cottage industries that have common ground in that they all catch fish in some way. A single-handed Greek netter has about as much in common with a

Norwegian pelagic company as a taxi driver does with an airline executive, although both transport people.

Fishing isn't even a big business. Sorry, I'll rephrase that. Fishing is an extraordinarily widespread and diverse business. What's noticeable is that there aren't many big fish in it. A couple of European pelagic operators and Far Eastern tuna groups sit at the top of

the tree, but there's no equivalent of Coca-Cola or Monsanto, no real corporate behemoths. Even the big fishing operators are relatively small potatoes in the big scheme of things, yet they receive more flak than many megacorps and I've never quite been able to fathom just why there's so much ire directed at those who get too big.

I don't see people sneering at Elton John

Pelagic factory vessel Christian í Grótinum landing her catch to the Pelagos processing plant at Fuglafjörður, with Finnur Fríði waiting in line.

Faroese Seafood Exports FOB Value in DKK 1,000

COD, HADDOCK, SAITHE	2010	2011	2012	2013	2014
Atlantic Cod	527,483	516,444	452,489	516,047	540,240
Chilled whole	57,462	41,451	24,296	23,099	24,781
Frozen whole	10,339	5,194	5,006	19,155	112,094
Chilled fillets	19,877	24,194	35,510	14,805	17,957
Frozen fillets	213,805	200,109	191,640	248,205	139,364
Salted fillets	111,143	151,394	78,900	97,400	122,548
Salted split	112,504	91,409	92,647	87,105	88,158
Other	2,353	2,691	24,490	26,283	35,338
Haddock	102,108	68,216	62,280	68,144	94,624
Chilled whole	64,086	48,376	30,776	39,389	41,431
Frozen whole	1,268	4,290	2,170	2,649	16,418
Frozen fillets	30,351	13,746	14,603	21,407	28,517
Other	6,403	1,804	14,730	4,699	8,258
Saithe (Coalfish)	550,746	400,298	419,170	330,858	313,713
Chilled whole	17,500	15,730	6,523	5,450	5,190
Chilled fillets	34,585	29,536	61,310	37,485	48,775
Frozen fillets	420,149	287,290	295,465	230,401	209,883
Salted fillets	48,728	49,912	0	0	0
Other	29,785	17,830	55,872	57,521	49,866

FARMED SALMON, TROUT	2010	2011	2012	2013	2014
Atlantic Salmon	1,338,081	1,617,283	1,821,564	2,456,409	2,941,559
Chilled whole	803,161	1,113,741	1,282,705	1,720,921	1,968,190
Frozen whole	69,508	26,508	40,018	45,235	23,041
Frozen fillets	423,931	428,702	447,243	618,847	847,567
Smoked fillets	26	0	0	0	0
Other	41,456	48,332	51,599	71,406	102,762
Rainbow Trout	69,954	8,724	195	2,585	273
Chilled whole	43,865	1,356	0	418	0
Frozen whole	24,851	7,368	0	1,981	273
Other	1,238	0	195	186	0

SHRIMP, OTHER	2010	2011	2012	2013	2014
Northern Shrimp	90,235	86,971	102,597	62,222	104,339
Frozen shell on	90,124	86,971	19,214	0	0
Canned	110	0	0	0	0
Other	0	0	83,383	62,222	104,339
Other	909,314	802,060	844,020	999,730	869,465
Chilled whole fish	199,134	187,753	126,254	80,767	85,336
Frozen whole fish	139,931	115,552	135,030	189,853	182,955
Other chilled fillets	10,343	7,345	6,643	11,458	5,304
Frozen fillets	18,628	23,668	35,268	24,528	22,272
Other salted fillets	147,068	158,134	174,799	144,252	140,465
Whole, other conserv.	33,578	25,403	34,040	23,838	10,545
Frozen fish, n/spec.	75,929	68,591	60,937	75,659	59,388
Dried fish meal, feed	113,460	41,509	67,288	194,914	213,923
Other fish products	171,244	174,106	203,761	254,462	149,275

PELAGIC SPECIES	2010	2011	2012	2013	2014
Blue Whiting	118,807	78,216	160,461	133,307	109,724
Frozen, fillet or split	794	32	3,503	19,697	1,646
Whole, otherw. cons.	8,160	117	0	30,135	15,782
Other	109,854	78,068	156,957	83,475	92,296
Atlanto-Scan. Herring	265,928	291,323	324,578	409,059	290,672
Chilled whole	146,938	76,282	22,099	152	1,041
Frozen whole	60,238	143,075	256,796	296,909	224,157
Frozen fillets	12,898	8,390	45,590	105,459	55,827
Other	45,854	63,576	93	6,539	9,647
NE Atlantic Mackerel	320,669	733,067	826,751	803,997	887,004
Chilled whole	38,583	216,809	1,929	0	0
Frozen whole	225,086	508,296	821,817	803,861	886,098
Other	57,000	7,962	3,005	0,136	0,905

Source: Statistics Faroes

for selling too many records or at Jo Nesbø for being too successful at selling books. Nobody warns you off them, saying; 'Don't buy that! He's rich enough already!'

Yet when a fishing company does well for itself, generally going from family operation to something bigger via a combination of shrewdness, an element of luck, calculated risks and sheer hard work, communities around them become restless and I couldn't count the number of times I've heard the sour whispering in corners that goes on when after half a lifetime of having a shoulder to the wheel, someone finally treats himself to a new car.

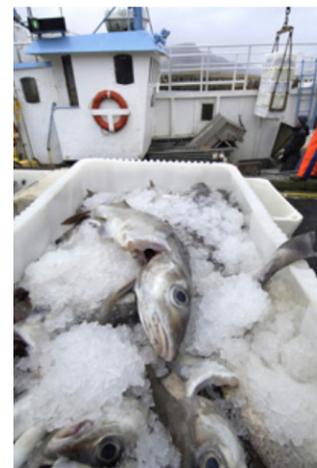
ANACHRONISM

I've also heard practically every theory going at some point, along with a good many ideas so crack-brained that they should never have seen the light of day. The last thirty or so years have shown us some colossal changes to fishing. Fishermen have gone from being heroes to pirates in the eyes of the public, the green movement and some organizations with murky agendas are vying for control without their rationale being entirely clear, marine science has been through (and still is going through) turmoil and we have seen the introduction of quotas; and more importantly, the concept of attaching a monetary value to the right to fish has arrived.

Fishing and money don't always make the happiest bedfellows, especially when there's serious money involved.

The business of fishing is surrounded by theories and experts, some of them totally off the wall, many of them plausible and a few who speak from positions of common sense or real authority. One of the fashionable theories these days is that a value has to be attached to everything, however arbitrarily that may be done. It's a philosophy (if it can be called that) that's not confined to fishing. The advocates of free market economics are everywhere, as are the advocates of this or that management system and the two often go hand-in-hand.

The problems arise as these proselytizers assume that they are the ones with the key to every problem. Because method A worked in situation B, then method A can be gleefully applied everywhere. It's unfortunately that fishing, and life in general, just aren't that simple and every case has its own circumstances that deserve careful consideration.



Let's accept that fixed quotas, leaving the transferable aspect out of it for the moment, are more than likely the best way of managing pelagic fisheries.

It's not beyond the wit or resources of regulatory bodies to keep a handle on a relatively small number of large vessels catching respectable amounts of mainly clean fish, with a fairly limited number of landing places.



MARIA OLSEN

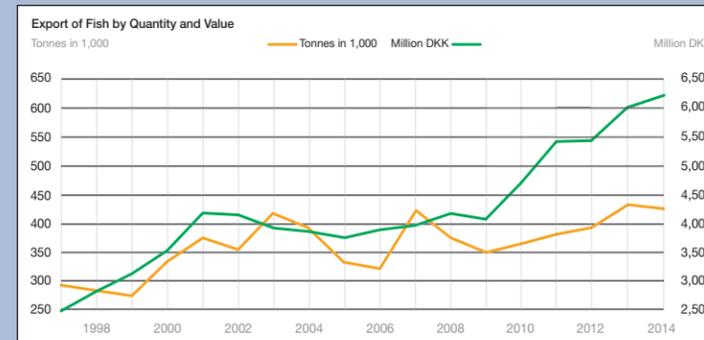
But apply the same principles to a mixed fishery carried out by hundreds of small boats landing in nooks and crannies along a winding coastline and you have a recipe for disaster with choke species, criminalization of otherwise pretty honest small business people; unless the unspoken agenda is to reduce the scope of the fishery by weeding out those who can't cope with the sheer headaches of it all and sell up in despair.

Fishing is in many ways still an anachronism. Until the Second World War effectively turned the world order upside down, most of the wealth in the developed world's food chain as a whole resided with smallish

enterprises; farmers, cattle auctions, corn merchants, blacksmiths, brewers, shops, slaughterhouses, bakers, and, yes, fishermen, processors and fishmongers. In fishing this is where the resources mostly still are. In the rest of the food business, from bread to beer to soft drinks, all that cash has been extracted from the communities where it circulated around those locally-based business, and is now in the hands of a dozen supermarket chains and the real food producing heavyweights. Instead of the profits of many businesses being re-invested locally, that cash is instead channelled to distant shareholders, while all those trades and businesses that

Stevedores loading frozen seafood onto a reefer vessel at Tvøroyri; Landing fresh haddock at Toftir (opposite).

Seafood Exports by Quantity and Value / Total Exports by Value and Product Category (exclusive of services and intellectual property)



EXPORT FOB VALUE IN MILL. DKK	2009	2010	2011	2012	2013	2014
Chilled seafood	1,444	1,447	1,765	1,622	1,970	2,269
Frozen seafood	1,685	2,145	2,215	2,734	2,983	3,162
Salted seafood	335	426	455	400	382	391
Smoked seafood	12	7	0	1	1	0
Dried seafood	170	191	122	189	262	270
Canned seafood	8	8	9	0	0	1
Otherw. conserved seafood	27	71	37	44	174	48
Other seafood products	0	3	0	23	11	11
Seafood products total	3681	4298	4603	5,011	5,783	6,152
Other products	424	399	798	480	302	188
Total	4,105	4,697	5,401	5,491	6,085	6,340

Source: Statistics Faroes

employed people, bought goods and services and paid their taxes without quibbling have vanished.

A GOLDEN MIDDLE ROAD?

It's arguable that the present model of food production and distribution is better for consumers, the result of vicious price wars between heavyweight chains in which a few staples become ridiculously cheap, while producers are squeezed until they squeak by retailers who are muscular enough to be able to dictate take-it-or-leave terms.

All this hasn't yet happened to the fishing industry, which even today remains overwhelmingly composed of relatively modest enterprises. There are



Coastal fishing boat steaming off Eiði.

model that should be applied to fishing? By monetizing the fishing industry to extract the maximum potential revenue from it, setting up quota auctions and imposing special levies, as the smart economics graduates would have us believe is the way to go, are some fundamentals being forgotten?

As an example, there's a scallop fishery in the English Channel. Around 700 French boats pursue this fishery every winter. These are small boats and it's feasible that as much raw cash could be extracted from the scallop fishery at far less cost if it were conducted by half a dozen automated processing vessels working around the clock. But who gains? The canny owners of half a dozen

certainly vocal advocates of the same development taking place the fish business, and in some instances this process is already well underway. But is this the

super-scallopers would gain. The eventual losers would be the 700 small boats. Each boat has a crew of two or three, so that's somewhere close to the livelihoods of 3000 families we're talking about, and as each job at sea supports five or six ashore, we could be talking 15,000 jobs.

So what exactly is maximum value? A couple of über-efficient operators doing exceptionally well, or a large part of the fishing community able to live comfortably without becoming a burden on the state and the taxpayer? Or is something half-way between the two desirable? After all, blue whiting 200 miles offshore isn't going to be caught by two men with a trawl small enough to roll up and carry under one arm. There should unquestionably be room for big operators, but they shouldn't necessarily dominate. A small number of large operators means the industry's diversity is lost and much of its strength lies in this diversity.

become holiday cottages for city dwellers.

It's difficult not to paint the picture in the darkest colors I have in my paintbox.

I used to live in just such a community, a thriving fishing village that buzzed with life and activity until, you guessed it, the local trawler company was swallowed by a bigger one. I still visit the place regularly. In fact, I own a practically valueless house in what is now a ghost town for much of the year. The shop and the petrol station are hanging on, just. Practically every house is for sale. Every youngster counts the days until they turn sixteen and can escape.

Fishing needs to retain its diversity. It needs a flock of small boats tied up at night in the shadow of a big pelagic catcher. It desperately needs to support the guys in the middle, the medium-sized boats that employ five people at sea and support another dozen ashore, and this is the sector everywhere that's under the greatest pressure to sell up and get out. The skills, traditions, expertise and the knowledge that doesn't come from a book and can't be reproduced in a spreadsheet all deserve to be maintained.

After all, this is food, a key building block of society, produced by an industry working under the most unpredictable conditions imaginable.

There's far more to this than just the numbers at the bottom of a balance sheet and it's too important to be left to economists with elegant theories to prove and politicians with an eye on nothing more distant than the next election.

Quentin Bates is a staff journalist with Fishing News International and a crime author.

Export Value in 1,000 DKK by Country: Top 24

	2013	2014
Russia	699,417	1,059,437
United Kingdom	690,430	660,167
USA	642,706	659,658
Germany	541,154	639,397
Nigeria	452,258	423,089
Denmark	410,955	422,285
China	405,360	388,611
Netherlands	296,506	340,748
France	316,165	288,248
Norway	215,201	233,345
Poland	225,097	202,392
Spain	218,949	179,191
Italy	168,434	174,157
Sweden	126,369	114,265
Lithuania	28,896	63,256
Vietnam	37,915	63,217
Iceland	74,343	60,645
Japan	57,268	43,285
Egypt	3,325	38,463
Singapore	18,143	36,094
Canada	40,196	35,609
Portugal	15,756	32,117
Greenland	26,701	28,820
UAE	37,889	24,683

Source: Statistics Faroes



Independent Service

- Fish Quality Inspections
- Marine Safety:
- Equipment
- Inspections

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THIS IS FOOD!

There are plenty of examples of coastal communities that have been devastated as fishing rights inevitably migrate in one direction only, a process that starts just as soon as they have a price attached to them. The cycle can be seen all over Europe and beyond. First the quotas go, then the boats are idle and finally disappear. The local fish processor closes down. People find work elsewhere and move away. Then the shops and local businesses start to close, property prices tumble and these once busy and self-reliant coastal communities become shadows of what they had once been, the fortunate ones kept afloat as what had been prosperous people's homes



Seafood Exports FOB Value in DKK 1,000: Top 15 Species

SPECIES	2010	2011	2012	2013	2014
Atlantic Salmon	1,338,081	1,611,891	1,821,564	2,456,409	2,941,560
NE Atlantic Mackerel	280,926	709,994	826,751	803,997	887,004
Atlantic Cod	525,405	512,881	452,489	516,047	540,240
Saithe (Coalfish/Coley)	550,045	399,562	419,170	330,858	313,713
Atlanto-Scandian Herring	171,998	288,543	324,578	409,059	290,672
Ling	100,681	112,282	127,595	106,341	115,888
Greenland Halibut	54,178	62,483	97,176	98,725	111,800
Blue Whiting	111,062	78,192	160,461	133,307	109,724
Northern Shrimp	90,235	86,971	102,597	62,222	104,339
Haddock	101,948	68,216	62,280	68,144	94,624
Silver Smelt (Argentine)	134,259	125,496	96,610	84,442	83,454
Redfish (Ocean Perch)	73,864	66,250	37,400	40,027	32,726
Tusk	56,043	54,678	55,744	40,651	27,927
Monkfish	71,677	74,139	37,901	16,547	19,215
Capelin	11,069	23,483	34,540	61,968	15,572

Source: Statistics Faroes

PELAGIC FISHERIES: ADVANTAGE OF THE MIDDLE

MARIA OLSEN

After successfully claiming a larger share of the Northeast Atlantic mackerel catch quota, the Faroe Islands has gained a stronger footing in international fisheries cooperation, according to Minister of Fisheries Jacob Vestergaard.

Ministry of Fisheries

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Minister of Fisheries:
Jacob Vestergaard

The Minister of Fisheries is responsible for fisheries and maritime affairs, including marine resource management, marine research, fisheries inspection, marine safety and rescue.

The Minister is also responsible for agriculture and emergency services.

Policies and regulations are coordinated and implemented by the Ministry of Fisheries and its associated agencies.

Permanent Secretary:
Rógvi Reinert

General Secretary:
Katrina Michelsen

Department of Fisheries
Director:
Andras Kristiansen

Agencies:

- Faroe Marine Research Institute (Havstovan)
- Vørn — Faroe Islands Fisheries Inspection (Fiskiveiðieftirlitið)
- Maritime Rescue and Coordination Center (MRCC)
- Faroese Emergency Management and Inspection Agency (Tilbúgvingarstovnur)
- Agriculture Agency (Búnaðarstovan)
- Equal Pay Office (Trygdargrunnur Fiskivinnunnar)

ONLY THE FAROE Islands has such an abundant combination of mackerel, herring and blue whiting in its waters, and thus the country has a key position in all of these three commercially important fisheries, according to Minister of Fisheries Jacob Vestergaard. As Mr. Vestergaard points out, however, it took time and effort to achieve this position, which implies multilateral recognition of the underlying biological facts.

For a start, it took years for the Faroese to realize that their share of the catch of Northeast Atlantic mackerel had been unfairly low relative to the abundance of the species in Faroese waters. Under the international management of the Northeast Atlantic Fisheries Commission, the earlier arrangement among the signatory parties had allotted 4.62 percent of the total catch quota to the Faroe Islands—an arrangement that had been in place for many years and had more or less been quietly accepted by the Faroese.

Until recently, that is. As the volumes of mackerel found in Faroese waters only seemed to increase while at the same time the species was seen dwelling there for longer and longer periods of time each year, Faroese fishermen began to take notice and acquainted authorities and scientists of their observations.

The situation came to a head at NEAFC talks as the Faroese laid claim to a significant raise in their share of the jointly managed mackerel catch, coinciding with Iceland—a newcomer in that particular fishery—demanding an even more dramatic raise on their part.

The European Union and Norway responded with punitive sanctions, perhaps in the belief that the sparsely populated island nations would ultimately have no choice but to accept some deal that offered no serious change to the status quo.

The ‘mackerel wars’ and later ‘herring wars’ that ensued saw the Faroe Islands and Iceland blocked from landing or exporting any of the species, and later other fish species too, to the EU or Norway for more than a year, in a deadlock that could have lasted even longer and might have threatened the very livelihoods of the islanders as the huge EU market was shut in their face.

LEGITIMATE TOP CLAIMANTS

With a good portion of courage coupled with creativity, trade challenges were met nonetheless through reaching out to buyers in other parts of the world—as markets like China, Russia and the U.S., to name a few, gained new prominence to offset the EU blockade.

The issue of herring, by similar logic to what had fueled the controversy over mackerel, also became part of the standoff. In that case, however, Iceland soon succeeded in negotiating a deal that saw the Faroe Islands left out of the then existing agreement. By early 2014, Faroe together with the EU and Norway reached an agreement on mackerel that gave the Faroese a 12.6 percent share of the jointly managed mackerel catch. The row over herring ended a few months later.

Norway, the main claimant on herring, on the other hand, has terminated the previously existing agreement on the species, demanding a much higher share of the overall catch.



MARIA OLSEN



Minister of Fisheries Jacob Vestergaard.

As for blue whiting, while the scientists have significantly raised the recommended catch limit, a new agreement is yet to be signed. In any case, the traditionally large Faroese claim on this species has generally not been contested.

The Faroese—acting with independence to demonstrate the viability of their claims on mackerel and herring in their waters—clearly adopted a sound strategy. With the row over these species effectively gone, the country appears to have earned the respect of its counterparts.

“The harsh response that we initially received only served to strengthen our resolve to prove our point,” Mr. Vestergaard noted. “We were excluded from the joint agreement and had

to set our own national quota, which we did responsibly and according to what it would have looked like with the desired percentage of the total allowable catch as recommended by ICES. We went on to fish that tonnage in our own waters and bring it to market while documenting every load of catch landed. Our industry and scientists rose to the challenge and before long we could present irrefutable evidence of the abundance of the species in our waters, proving that our claims were not empty but based on verifiable facts. Today we are recognized as counted among the legitimate top claimants to three major pelagic species—mackerel, herring, and blue whiting. That’s a strong position.”

Unloading pelagic factory trawler (below);
Pelagic vessel pumping in herring from
purse seine net (opposite).



MARIA OLSEN

CROSS-BORDER SCIENTIFIC RESEARCH LOOKS AT STRADDLING NORTH EAST ATLANTIC STOCKS

With the Faroe Marine Research Institute involved in numerous scientific research projects, pelagic fish stocks considered a shared resource of several countries—herring, mackerel, blue whiting—feed extensively north of the Faroe Islands.



Director General Eilif Gaard; Distribution map of fish stocks (opposite).

BY DR. EILIF GAARD

PELAGIC FISH stocks often migrate over very large distances. Spawning may occur in one area of sea, nursery area of pre-mature fish could be in another location and the feeding by the adult fish may take place in a third area. Thus, pelagic fish show repeating migratory patterns between spawning and feeding grounds while crossing several countries' exclusive economic zones. Eventually, such fish stocks become identified as common resources—that is, shared fisheries managed by several coastal states under a joint arrangement.

In the Northeast Atlantic, including Faroese waters, three large pelagic fish stocks show such migratory behavior: Atlanto-Scandian herring, Atlantic mackerel and blue whiting. Herring spawn off the western Norwegian coast, their nursery area is in the Barents Sea and the feeding area of the adult fish is in the Norwegian Sea. Blue whiting make use of a spawning area west of the British Isles, with nursery ground mainly in the southern Norwegian Sea and feeding taking place in larger areas in the Norwegian Sea. Mackerel also have their main spawning area west of the British Isles, nursery areas on the European shelves and feeding areas in the Norwegian Sea and westwards. In recent

years their feeding ground has expanded substantially westwards, into Icelandic waters and the Irminger Sea.

Thus, although these three straddling pelagic fish stocks may spawn in different areas, their feeding during summer is largely in the same areas, mainly in the Norwegian Sea. Although the entire feeding grounds cover large areas, the Faroese area is quite centrally located as feeding ground during summer for all of the three fish species.

The total biomass of these three stocks of adult fish, plus the young premature individuals—huge amounts of fish considered a common resource of the coastal states: the Faroe Islands, the European Union, Norway, Iceland, and Russia.

For the Faroese economy, the fisheries associated with these stocks are of fundamental importance.

INTENSIVE FEEDING

To support sustainable exploitation and agreement between the coastal states on how to share and manage these fisheries, extensive research is conducted by marine scientists in all of the coastal states.

The Faroe Marine Research Institute

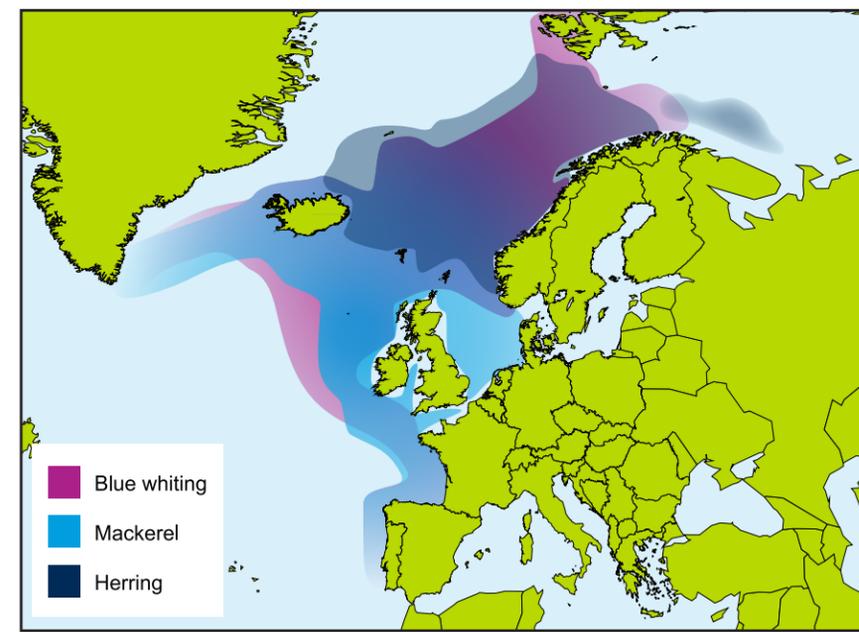
conducts research along two lines in this respect. On the one hand extensive research is carried out in collaboration with scientists from the other coastal states. A substantial effort is needed to cover such large geographical areas and therefore research vessels from several countries carry out coordinated collaborative research cruises at the same time, in order to collect comparative information from large geographical areas. Several such coordinated cruises are conducted every year, covering areas from west of the British Isles and the Norwegian coast in the west, Faroese and international waters in the center to Icelandic waters and, in recent years regarding mackerel research, even into Greenlandic waters off southeast Greenland. Such cruises cover ecosystem research, from studies of water masses and temperature, planktonic organisms to abundance, sizes and age classes of fish and also stomach content of the fish. The results from these cruises are transferred into one common database, which is hosted by the Faroe Marine Research Institute. The obtained data are used for stock estimates and advice to the coastal states on sustainable management of the fish stocks.

Second, in addition to the annually conducted collaborative studies described above, the Faroe Marine Research Institute is also engaged in extensive scientific research on specific topics.

The region to the north of the Faroe Islands is rich in plankton and these small organisms, which constitute food for the pelagic fish, are the actual reason for their annually repeating feeding migration into the area during spring and summer.

For instance, studies at the Faroe Marine Research Institute in 2012 and 2013 revealed that the individual mackerel, during the time period from the point of entering Faroese waters in spring to the point of leaving in autumn, on average increased their weight by more than 60 percent. The weight increase was noted across all feeding areas and is the result of intensive feeding activity during the summer season.

Partly on a national basis and partly in the context of international collaboration, research carried out by the Faroe Marine Research Institute includes large- and small-scale oceanography, ecosystem studies and studies of plankton and fish.



FAROE MARINE RESEARCH INSTITUTE

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The Faroe Marine Research Institute (FAMRI) is a governmental institute which conducts various marine research and provides the Government of the Faroe Islands with scientific advice based on its research on marine resources and the environment. FAMRI's main tasks are to carry out research of the marine resources harvested by Faroese fishermen and the environment governing their distribution and production.

This includes fish biology, physical and biological oceanography, fish behaviour, gear technology, and seabird biology. Furthermore to advise the authorities and the industry, and to report on the research results.

The aim of the research is to provide a basis for a sustainable exploitation of the marine resources around the Faroe Islands.

Assessments are made of the most important fish stocks. These assessments are based on investigations which are carried out by the research vessel Magnus Heinason — for example, 0-group surveys, trawls surveys and acoustic surveys, in addition to catch and effort statistics from the commercial fleet.

The biology of the various species of fish is studied, including fluctuations in the stocks, growth, spawning and feeding.

Experimental fisheries are conducted on fish and benthic invertebrates which have not been fished traditionally. Consideration is then given to whether these could be fished commercially in a sustainable way as experiments are carried out to identify suitable and environmentally friendly fishing gear.

The oceanography and the living organisms in the waters around the Faroes are studied; e.g. temperatures, currents, and the conditions for living organisms to grow and reproduce are examined. In particular climatic changes likely to affect the reproductive success of various species of fish in Faroese waters are investigated.

BLUE BIOECONOMY: FROM OFFALS TO SEAWEED

The Faroese Chair of the Nordic Fisheries Cooperation 2015 shines a light on North Atlantic leadership in fisheries sustainability while exploring ‘Growth in the Blue Bioeconomy’—as well as linking coastal fishing with tourism business.

WITH THEIR CLOSE relationship to marine wildlife and their long-standing dependence on hunting, fishing, aquaculture and related trades and industries, the Northeast Atlantic and Arctic coastal communities share a unique position in the Nordic geography. Although sparsely populated, these communities tend to be highly productive when it comes to the blue bioeconomy.

Now, what would be the main growth factors of that economy?

These and similar subjects are being examined and highlighted through innovation projects, workshops, conferences and senior-level policy discussions on how Nordic cooperation can promote development in the blue bioeconomy.

Denmark holds the presidency in the Nordic Council of Ministers this year and the Nordic Fisheries Cooperation will be led by the Faroe Islands. This is for a good reason, as the self-governing archipelago is known to be an outstanding fishing nation, catching some 500,000 tonnes per annum—more than 10 tonnes a year for everyone living on the islands, man or woman, young or old.

Representatives of the Nordic Fisheries Cooperation will participate in public affairs activities to engage with the European Parliament in Strasbourg as well as with the FAO during a special event in Vigo, Spain, that will mark the 20th anniversary of the Code of Conduct for Responsible Fisheries.

According to Ásmundur Guðjónsson, Senior Advisor at the Faroese Ministry of Fisheries, both events provide an opportunity to present the Nordic region's commitment to sustainable use of marine resources as well as drawing attention to the economic soundness of the North Atlantic fisheries, which could serve as a model for fisheries management in Europe.

“Neither Greenland, Iceland nor the Faroe Islands subsidize their fisheries industry,” Mr. Guðjónsson noted. “We’re proof that it’s possible to achieve a sustainable and profitable fisheries industry without subsidies.”

The Growth in Blue Bioeconomy Conference, an international gathering to take place in the Faroese capital Tórshavn on 2nd and 3rd June—organized by the Nordic Marine Think Tank in cooperation with the Nordic Fisheries Cooperation, the OECD and the FAO—will deal with “the political aspects of a well-functioning blue bioeconomy.” The conference will address three key topics from a policy perspective: blue growth at the global and regional level, potential growth in marine industries, and structures hindering or promoting blue growth.

“Differences in political frameworks, like trade and employment policies, production traditions and subsidies, challenge a level playing field for competition, and may introduce market barriers for marine industries,” Mr. Guðjónsson said. “Our ambition is to take political measures to facilitate blue bioeconomy cooperation, innovation and growth.”

He added that the Growth in Blue Bioeconomy program will allocate a budget of 8.3 million DKK (1.1M EUR) over the next three years for projects aimed at developing the region's blue bioeconomy.

SEAWEED

Another key concept concerns residual biomass as a resource, one example of which is the prevention of discard of catch, a policy that is believed to have contributed to making fisheries sustainable. With discards prohibited since many years in Norway, Iceland, the Faroe Islands and Greenland, the EU is in the process of gradually implementing

a similar ban. These discard bans, however, only apply to unwanted catch, whether linked to size, quotas or catch composition rules, and do not cover the residual biomass—offals—which could nonetheless be used to create value in the bioeconomy.

For instance, many factory trawlers fishing in the Barents Sea effectively discard more than one half of the fish—heads, tails, intestines, bones, and sometimes skins, too.

“One of the Faroese pelagic factory vessels is equipped to utilize all of the fish including the offals,” Mr. Guðjónsson said. “That ship is fitted with a meal and oil factory, which is certainly a step in the right direction.”

Putting together coastal fisheries and tourism is another way of creating value founded in the blue bioeconomy, while offering tourists a unique nature experience at sea.

“Coastal fisheries are facing difficulties



NESTORIS/ONI

all around the Nordic region and we believe that combining these two value chains could be a part of the solution,” Mr. Guðjónsson said. “Coastal fishermen’s knowledge on fishing techniques and traditions and related topics and issues would be very valuable in tourism.”

Another project focusing on new ways of utilizing biological resources from the sea is all about introducing people in the region to seaweed, a widely available but underutilized Nordic resource, with three events to be organized, in Denmark, Faroe and Greenland respectively, featuring local chefs and seaweed enthusiasts.

“We will also look into possibilities of farming and harvesting macroalgae in the Nordic Seas. Of particular interest is an analysis of the legal frameworks in the Nordic countries and whether in effect they promote or hinder utilization of this huge resource.”

Norden 2015

Nordic Fisheries Cooperation

Tinganes, PO Box 64,
FO-110 Tórshavn
www.norden2015.fo

The Nordic Fisheries Cooperation for 2015 under the Chairmanship of the Faroe Islands is part of the Danish Presidency of the Nordic Council of Ministers 2015.

Growth in Blue Bioeconomy Conference

on 2-3 June 2015
• More info: <http://norden2015.fo/english-edition/growth-in-blue-bio-economy-conference/>

Underwater environment in the Faroe Islands with a shoal of saithe and marine vegetation visible;

Statue of Kópakonon (Seal Woman), Mikladalur’s new tourist attraction (above).



INGI SØRENSEN

Ásmundur Guðjónsson,
Senior Advisor at the Faroe
Islands Ministry of Fisheries.



MARIA OLSEN

VESSEL OWNERS: BEYOND PERCEPTION

The Faroe Fishing Vessel Owners' Association is engaging policymakers in an outreach effort prior to an expected fisheries reform, meanwhile further reinforcing its organization with Anfinn Olsen as new chairman of the board.

THE UMBRELLA organization of the Faroe Islands' commercial fishing vessels—the Faroe Fishing Vessel Owners' Association (Føroya Reiðarafelag)—looks poised to reclaim its role as an active participant in, and a significant contributor to, top-level consultations on fisheries policy. The association, until recently undergoing a prolonged period of limited activity, took steps to revitalize itself by hiring Herálvur Joensen for managing director in 2013.

Mr. Joensen quickly set out to reorganize the Vessel Owners as a joint organization and coordinate some of the varying interests of the association—in fact the member groups represent vessel types that vary using differing fishing technologies, just as the species they target and the areas work in vary as well.

One-and-a-half year after employing Mr. Joensen, in the process joining forces with the House of Industry, the non-executive board of the Vessel Owners appointed Anfinn Olsen, of fishing company Framherji, as chairman of the board.

Meanwhile, an obvious priority on the agenda is about dealing with a long-coming fisheries reform that now appears to have reached an advanced stage in the political process.

“We have been consulted and have offered our input alongside our colleagues in the trade unions and the hope is that the Ministry of Fisheries will be able to present a package that has the backing of all major political parties. Otherwise we'll be faced with the risk that a subsequent government will tear it apart and come up with something new again in a vicious circle that could go on and on. So we want to stress the point that political stability is a critical success factor for the entire industry and that whatever

changes may be forthcoming in the legislative and regulatory framework should be well considered and thought out. If we want to see people continue to invest in the industry, we'll have to know with some certainty what the legal environment will look like a few years down the road.”

'VIBRANT, COMPETITIVE'

While once again being a tenant at the House of Industry may have an impact on perception, there is an equally important practical side to it.

“The fact that we moved office to the House of Industry may have sent a signal that the Vessel Owners are taking a more proactive approach with a view on participating more effectively in the dialogue with trade organizations and public authorities,” Mr. Joensen said. “This may have helped the association, at least to a degree, to restore its image as an important power broker whether in business and employee relations, policymaking, or public opinion. Part of it is purely practical—the Pelagic Organization is already here and they are one of our most active members. Also the new premises are outstanding, with excellent office facilities.”

The Vessel Owners have been further strengthened by the appointment of Mr. Olsen as chairman to represent the elected board of the member organizations.

“In some cases it makes more sense to have the chairman represent the association,” Mr. Joensen said. “It depends on the nature of the relationship—if it's relating to overall vision and strategy, the chairman will often be the most appropriate person to represent us. On the other hand, if it's something that is more tangible, the MD will usually be the person. But again, there's always a practical side to it as well and we can be very flexible.”



Faroe Fishing Vessel Owners' Association

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Managing Director:
Herálvur Joensen

The Faroe Fishing Vessels Owners' Association is the joint association for Faroese fishing vessel owners' organizations.

The Association's overall purpose is to provide a common platform for all fishing vessel owners of the Faroe Islands and to promote and protect the joint interests of its members.

Member organizations:

- Verksmiðjutrolarar (Freezer Trawlers)
- Nótaskip (Faroe Pelagic Organisation)
- Ídnaðarskip o.a. (Industrial Trawlers)
- Rækjuskip (Factory Shrimpers)
- Lemmatrolarar (Stern Trawlers)
- Partrolarar (Pair Trawlers)
- Línuskip (Longliners)
- Garnaskip (Gillnetters)

Managing Director
Herálvur Joensen.



Longliner.



Pair trawlers.



Freezer trawler.



Purse seiner/pelagic trawler.

Lately the association sponsored a report by economist Magni Laksáfoss on the domestic socioeconomic impact of the fishing industry in the Faroe Islands. In the report, the gross domestic factor income of the fishing industry is assessed, for example, at just about half of the entire gross domestic product of approximately 12 billion DKK (1.6bn EUR) in 2012 figures.

“Documents such as the report on socioeconomic impact by Laksáfoss help us explain to stakeholders some of the underlying facts that ought to be part of the considerations of

any plan to introduce change in our political environment,” Mr. Joensen said. “We've been holding a series of meetings with representatives of all the political parties represented in Parliament to exchange views and acquaint ourselves with their positions on fisheries policy. The idea is to create ongoing dialogue in a non-prejudiced way and perhaps even, to the extent possible, build consensus on key issues. After all, my impression is that most people are essentially interested in the same thing—maintaining a vibrant, competitive Faroese fishing industry.”

VARÐIN PELAGIC: 'A TRULY COMPREHENSIVE PLATFORM'



Sales Manager
Bogi Johannesen;

Partial view of processing machinery (opposite bottom left);

Workers at the conveyor belt (opposite top);

Varðin-owned Finnur Fríði landing a catch of mackerel (opposite bottom right).

Varðin Pelagic is the Faroe Islands' largest producer of pelagic food fish, owned by the country's leading vessel owner—offering the best of frozen mackerel, herring, blue whiting and capelin, at the highest level of delivery reliability.

ITS SUCCESSFUL launch in the summer of 2012 became the symbol of the newfound strength of the Faroe Islands' pelagic fishing industry and, in no small degree, became the face of socioeconomic progress at Tvøroyri and the surrounding communities.

Varðin Pelagic, the new and highly sophisticated freezing plant hit the ground running with operations handled by Tvøroyri's Delta Seafood, reputed for their top-rated processing skills, and capital investment coming from Gøta's Varðin, a leading Faroese vessel owner.

Already for its first full year in operation Varðin Pelagic's production output amounted to a stunning 100,000 tonnes. By the end of

the following year, i.e. 2014, the total output again came close to that of the previous year, albeit the year saw a greater deal of experimental runs linked to development.

"We are pushing forward in new product and market development," said CEO Bogi Jacobsen. "With the kind of sourcing we have, coupled with this highly advanced facility, I see no reason why we shouldn't extend our product range in accordance with market demand. The possibilities are endless so we are working on various options."

With most clients located in Europe and Eurasia including the Far East, as well as in West Africa, Varðin Pelagic has received some major contracts within a short span of time.

As for product development, most of the activities were not official as of this writing (March 2015).

"It's no secret that we've been working on refining the process of single freezing mackerel," Mr. Jacobsen said. "Also it's well known that we're looking to get more value out of the massive amounts of blue whiting that are being landed. Any actual new products that we expect to result from these efforts will be announced as they become ready."

Varðin Pelagic's products are made from the four pelagic species that are being landed to the facility—mackerel, herring, blue whiting, and capelin.

'VERY RIGOROUS'

The infrastructure for sourcing, production, logistics and sales is impressive with Varðin's fleet of top-notch fishing vessels, the processing plant itself—labeled at the time of completion as the world's most technologically advanced of its kind—and the company's large cold store next to the processing plant, not to mention the vastly improved harbor facilities in and around the area, and the services that have been established in the last couple of years.

"This is a truly comprehensive platform," said sales manager Bogi Johannesen. "The fishing vessels land here every week, sometimes several vessels per day, both Varðin's trawlers and other trawlers too. In fact we can expect to receive foreign vessels as people start to realize that Tvøroyri is fast becoming a major pelagic center in our part of the world. Then consider our production capacity, which is as much as 1,000 tonnes per day. It makes it possible for the trawlers to land their



catch relatively quickly as the landing pumps work in sync with the processing lines. So the fresh catch goes direct into the production line and then is immediately packed and frozen, all in a single process that usually takes less than half an hour from the moment the fish passes the landing pipeline. Then as soon as it's frozen it's moved to the cold storage where it's kept until shipment."

Since Varðin Pelagic opened for business, cargo services at Tvøroyri have improved markedly, encouraged by a new deepwater terminal as well as other harbor facilities that have been added in the last couple of years.

"Logistics handling at Tvøroyri has been taken to a whole new level," Mr. Johannesen added. "We have reefer vessels and container ships calling every week and it's an absolute necessity considering the volumes of fish that go through this processing plant. Depending on the market, some of the shipments go via reefer vessels while some go by temperature controlled containers."

Among the top selling products, all of which are frozen: whole round mackerel, headed and gutted mackerel, whole round herring, herring flaps, whole round blue whiting, whole round capelin.

"We have to be very rigorous with regard to quality assurance and we have made product quality an absolute top priority on the work floor and throughout the organization," Mr. Jacobsen said. "There is simply no room for compromise in this question and we are not going to see our shipments returned for reasons within our control. Our people understand that, and that again is something our clients appreciate."

Varðin Pelagic

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info@varðinpelagic.fo

CEO: Bogi Jacobsen
Sales Manager: Bogi Johannesen

Varðin Pelagic is the Faroe Islands' leading processor of food fish.

In business since August 2012, the company was founded by Varðin (largest vessel owner and operator in the pelagic industry of the Faroe Islands) and Delta Seafood (one of the most experienced and respected whitefish processors).

- Trained workforce.
- Highly advanced machinery and electronics.
- Able to control product quality throughout value chain, from fishing grounds to marketplace.
- Processing plant: 6,200 m².
- Production capacity per 24 hours: 1,000 tonnes.
- Fully automatic processing with newest cooling technology, highest hygiene standards.
- Products: Whole round, H/G, flaps, fillets and byproducts.
- Species: Mackerel, herring, blue whiting, capelin.
- Own cold storage facility — storage capacity: 15,000 tonnes.
- Access to largest pelagic quota share in Faroes, fleet of state-of-the-art pelagic vessels.
- Newest cooling technology on vessels as well as in factory.



JFK: MORE THAN A CENTURY OF EXPERIENCE

CEO Hanus Hansen with son Jógvan Hansen, Sales & Operations Director, in front of freezer trawler Sjúrdarberg;

Factory trawler Gadus (opposite left);

Processing plant Kósin (opposite right).

JFK

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Fax: +298 409901

CEO: Hanus Hansen
Sales & Operations Director:
Jógvan Hansen

Leading Faroese fishing and seafood processing company. Operations since 1913.

Main focus areas:

- Frozen-at-sea whitefish products
- Land-processed whitefish products
- Pelagic fish

Products, frozen-at-sea:

Shatter Pack Fillets
(Cod/Haddock/Saithe)
Headed & Gutted
(Cod/Haddock/Saithe)

Products, land-processed:

Salted Fillets
(Cod/Saithe/Ling/Tusk)
Split Salted (Cod/Saithe/Ling)
Single Frozen Fillets
(Haddock/Saithe)
Single Frozen Portions
(Haddock/Saithe)

Key assets:

Factory trawler 'Gadus'
Factory trawler 'Sjúrdarberg'
Purse seiner/pelagic trawler 'Slættaberg'
Pelagic factory trawler 'Næraberg'
Freezer longliner 'Klakkur'

Processing plant Kósin
Pair trawlers

'Stjørnan', 'Polarhav',
'Skoraberg', 'Vestmenningur',
'Safir', 'Smaragd', 'Grønanes'
Longliners
'Jákup B', 'Núpur', 'Kvikk'



MARIA OLSEN

With 15 commercial fishing vessels including three factory trawlers, and an onshore fish processing plant, Klaksvík's 600-employee strong JFK remains one of the largest and most diversified players in the Faroese seafood industry.

THE FAROE ISLANDS' history of commercial fishing is inseparable from the town of Klaksvík and local fishing company JFK—more than a century has passed since the launch of the company named after its founder, the late Jógvan Frederik Kjølbro, back in 1913.

JFK remains a leader in the Faroese seafood industry, with a well-oiled business consisting of three main divisions: frozen-at-sea fillets of whitefish, land-processed frozen or salted products of whitefish, and pelagic

fish products. The company targets several whitefish and pelagic species based on over a hundred years of experience and offers a wide range of products for many different markets.

Clearly, today's seafood trade looks very different from that of the early days, although there are common denominators.

"The technology used today cannot be compared to what was used a century ago," said CEO Hanus Hansen. "JFK were among the first to fish in distant waters such as off Svalbard, off Greenland, and off New-

foundland. Much like the old vessels did, today's filleting trawlers still fish in the Barents Sea. Clearly, things have changed dramatically over the years yet you may say this business remains essentially the same—catching fish and processing it for export to international seafood markets."



Caught by factory trawler Gadus, JFK's frozen-at-sea fillets of cod and haddock are shipped to the UK fish and chips industry.

The company's Kósin processing plant at Klaksvík—the largest in the Faroe Islands—regularly receives fresh catches of saithe, cod and haddock from seven trawlers and three longliners; also freezer trawler Sjúrdarberg and freezer longliner Klakkur land frozen-at-sea whitefish to Kósin.

"Kósin has a strong sourcing base to support a wide range of products," Mr. Hansen noted.

With salted fillets and splits from cod, saithe and other species shipped to Southern Europe, single frozen fillets and loins of haddock and saithe are primarily destined for Germany and France.

'THE LONG VIEW'

As part of its effort to streamline local logistics, JFK recently acquired the Northern Fish Cold Storage facility.

"Thanks to our well functioning processes and rigorous quality assurance, we are able to deliver in fairly large quantities to a diverse group of demanding buyers," Mr. Hansen added.

"All of this is made possible by our highly skilled workforce, who have in effect gained a wealth of knowledge through JFK's vast experience. Continuing to build on and further refine this knowledge is integral to our business strategy."

Sales have lately been consolidated, especially in northern Europe, by the fact that the Barents Sea whitefish fishery as well as JFK's domestic saithe fishery and onshore processing plant have been certified according to the Marine Stewardship Council (MSC) standards for fishery and chain of custody.

"Getting the ecolabel did in fact not change our processes and procedures very much as we were meeting the highest standards of quality," Mr. Hansen

added. "On the other hand it helps to be able to document things properly and it turns out seafood buyers are increasingly focusing on that question and the MSC label is a widely recognized one."

With purse seiner/pelagic trawler Slættaberg and pelagic factory trawler Næraberg, JFK has a high production rate and holds a significant stake in the Faroese mackerel, herring and blue whiting fisheries.

"When it comes to pelagics we are dealing with much larger volumes, which requires special logistical considerations," Mr. Hansen noted.

The products are whole round frozen and mostly shipped to Russia and Africa.

Back in Klaksvík, JFK remains a major employer, with approximately 600 people on the payroll, not counting subcontractors, service providers and suppliers. The economic life blood of the community—with a population of less than 5,000—is largely dependent on the business. Indeed the entire population of the Faroe Islands is under 50,000 and JFK should be seen in that context as well.

"Corporate social responsibility is something that you cannot ignore as a business," Mr. Hansen said. "The socio-economic impact of the fishing industry is huge in this country, although some seem to be hardly aware of it. As our own history shows, sometimes you need to take the long view. We believe that will help us secure the continuation of the JFK success story."



CIG'S WAY TO THE END MARKET

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Managing Directors:
Kristian Martin Rasmussen
Eyðun Rasmussen
Directors:
Jón Rasmussen
Bogi Rasmussen

Sales & Marketing:
Pól Huus Sólstein

Owner and operator of fishing vessels, exporter of frozen-at-sea fish products and fish meal. Species: herring, mackerel, horse mackerel, capelin, blue whiting.

Own pelagic factory ships:
Norðborg KG 689 (2,351 GT)
Christian í Grótinum
KG 690 (3,031 GT)

Germany subsidiary:
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CEO: Bogi Rasmussen

Larsen Danish Seafood is a leading manufacturer of premium brand consumer products as well as food service products — mostly convenience foods, pates and spreads made from a variety of fish species.

Founded in 1899, originally as a fishing company, in Frederikshavn, Denmark. Today headquartered in Flensburg, Germany, with about 250 employees, Larsen Danish Seafood owns and operates two production facilities.

In a stunning development Christian í Grótinum acquires Germany's Larsen Danish Seafood to enter the top level of the seafood market's value chain—while continuing to demonstrate leadership in the Faroese fishing industry.

THROUGH a groundbreaking move that effectively brings the Faroese fishing industry to the forefront of the European seafood market, Klaksvík's family business mostly known under the name of Christian í Grótinum (CIG) has once again showed its ability to reinvent itself. From running a pelagic fishing vessel equipped with refrigeration tanks back in 1999, through operating an advanced processing-at-sea concept applied to its two modern pelagic factory vessels, to its recent acquisition of Larsen Danish Seafood—the fishing company's development trajectory is remarkable.

With Larsen Seafood, a well-established brand with sales throughout Germany and exports to some 50 countries, CIG leaps into a position that is perfectly in line with its plans for the future, except for the fact that the timeline has been shortened by many years and the projected costs reduced dramatically.

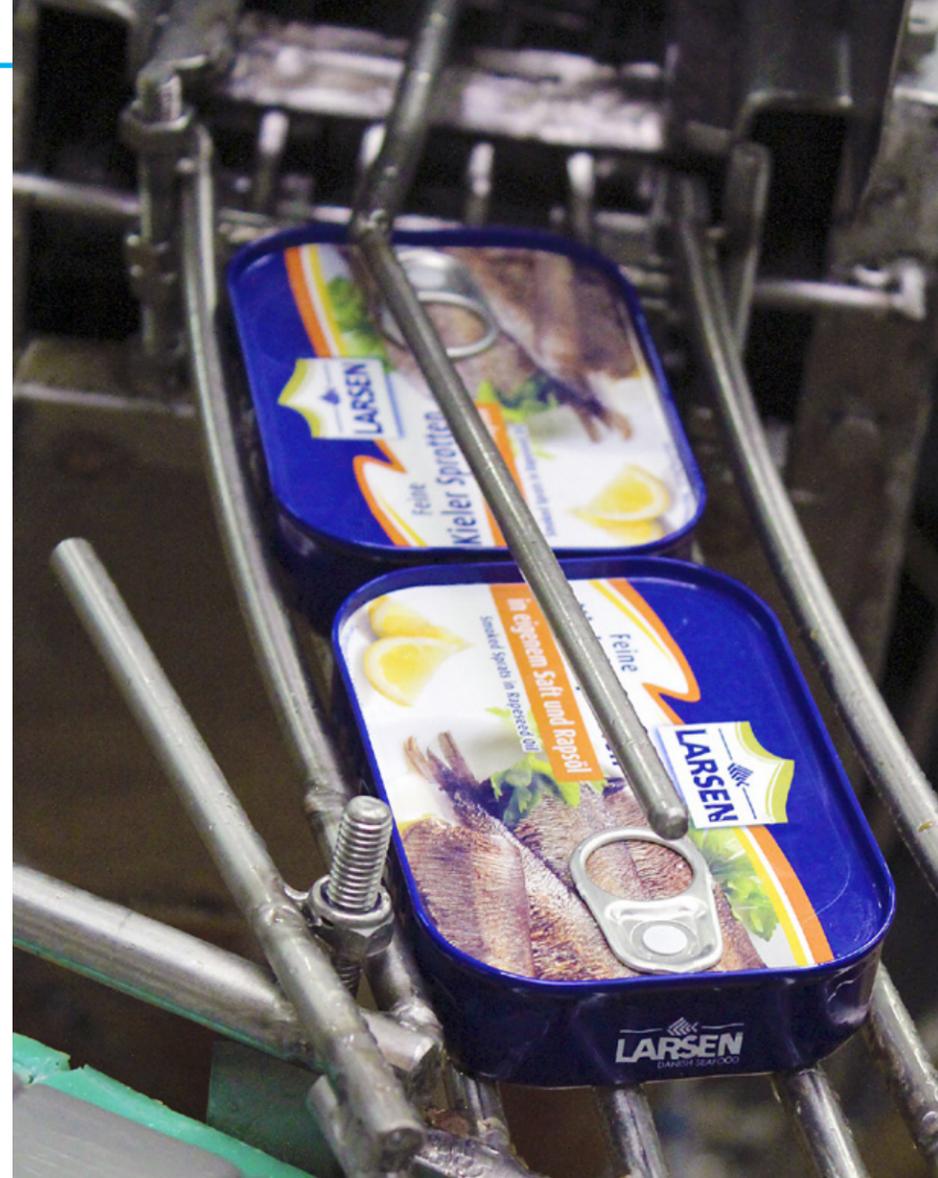
Arising from an unexpected opportunity, the Larsen deal, with an undisclosed price tag, happened very quickly.

"We got word back in December [2014] that they were in a situation of financial distress," said Bogi Rasmussen, the new CEO of the food manufacturing company, which has processing facilities in Flensburg and

Bremerhaven. Mr. Rasmussen is a former sea captain and a managing partner in CIG together with brothers Jón and Eyðun and father Kristian Martin. Apart from owning and operating pelagic factory vessels Norðborg and Christian í Grótinum, CIG is also one of the main shareholders in the new Fuglafjørður-based freezing plant Pelagos.

"The news caught our attention since we have long been on the lookout for opportunities to bring our business closer to the end market; we would consider various options, including starting a pilot project in a closed-down factory in Klaksvík. However, we decided to contact the insolvency administrator in Germany first and he invited us to come over and have a closer look. We were given access to all relevant records and facilities so that we could make a fairly accurate assessment and evaluation of the whole package, and by late January we submitted an indicative offer.

"We knew other parties were also interested but we had no idea of what their offers would be like. We only made sure ours was thoroughly considered and included a realistic budget. Perhaps we didn't really expect it, but it turned out we had the winning bid and already by 4th February we had signed the deal."



KAJ JOENSEN

Smoked Sprats in Rapeseed Oil on the conveyor belt;

Larsen Danish Seafood CEO Bogi Rasmussen (opposite left);

Norðborg docked at CIG headquarters, Klaksvík (opposite right);

Christian í Grótinum berthed at Fuglafjørður (below left);

Workers at Larsen Seafood's Flensburg facility (below right).

convenience foods, pâtés and spreads. Species include mackerel, herring, sprat, trout, salmon, saithe, mussels, and more. While most of the products are aimed at consumers through supermarkets and retail chains, there is also a food services market in demand of larger units for e.g. preparing lunch sandwiches.

Then there is the contracting market, i.e. producers ordering the manufacture of specific products in specific quantities, typically under their own labels.

While the Flensburg plant has a production capacity of 80 million cans per year, the Bremerhaven facility annually processes some 3,000 tonnes of saithe and Alaska pollock.

During 2014 the Norðborg and the Christian í Grótinum in total caught almost 80,000 tonnes of mackerel, herring, blue whiting, and capelin.

"Larsen Seafood opens up a whole new chapter for our business," Mr. Rasmussen added.

'A NEW CHAPTER'

The acquisition indeed seems to make a great deal of sense for all parties involved, not least considering CIG's sourcing capacity—a key factor, since Larsen Seafood's failure last fall to fill major orders for shortage of raw materials was seen as the foremost reason for the insolvency that followed. Now with the new owners coming from the catch and preprocessing side, sourcing is not likely to become a major problem.

"The good thing with Larsen is it remains a strong brand," Mr. Rasmussen noted. "The financial troubles the company experienced had nothing to do with product quality or customer service; they simply had the misfortune of not being able to source the necessary volumes of fish, and this is without a doubt something that our fishing company can help resolve successfully. Luckily, Larsen

never went out of business and was operating normally while under bankruptcy protection. After taking over we immediately started contacting clients to reassure them and to inform them of what had happened; we're confident that come next fall we'll see at least some of those who, unfortunately, were lost last year."

With around 250 employees in Germany, Larsen Seafood manufactures seafood products ranging from fresh chilled to canned to smoked to salted—largely



FULL SPECTRUM FISHING: FRAMHERJI

As Framherji's pelagic vessel Fagrabergr continues to deliver thousands of tonnes of fresh catch every year, versatile trawler Akraberg is to be fitted with an ensiling system to ensure full utilization of all catch and processing offals.

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 Karvatoftir 4,
 FO-530 Fuglafjørður
 www.framherji.fo
 framherji@framherji.fo
 Tel.: +298 200 700

Managing Director: Anfinn Olsen

Owner and operator of fishing vessels with catch rights in Faroese and international waters, focusing on groundfish and pelagic species.

- Frozen-at-sea: Whole round gutted or filleted cod, haddock, other groundfish; 'Jap cut' redfish; northern shrimp.
- Fresh chilled groundfish: Whole round gutted cod, haddock, other groundfish.
- Pelagic: Herring, mackerel, blue whiting, capelin.

Fully owned fishing vessels:
 Freezer trawler 'Akrabergr'
 Pelagic trawler 'Fagrabergr'
 Longliner 'Stapin'

Fram Invest partly owned subsidiaries:

- Faro Origin — fishing, seafood processing
- Pelagos — pelagic processing
- Bergfrost — cold storage

UK seafood trading company:
 Seagold, Hull

IF YOU WERE to declare any company in the Faroese fishing industry as the one best connected and most diversified, it would likely be Framherji. The Fuglafjørður-based firm is the sole owner and operator of three fishing vessels—pelagic trawler/purse seiner Fagrabergr, freezer trawler Akraberg, longliner Stapin—as well as holding large stakes in fishing vessel owner and seafood processor Faro Origin, advanced freezing plant Pelagos, and cold storage facility Bergfrost.

The company is owned jointly by Anfinn Olsen and Elisabeth Eldevig, both of whom work actively as managing partners, with a minority post held by Iceland's Samherji. The remarkable development of Framherji has been largely shaped by the owners' extensive network of contacts at all levels, at home and abroad.

Mr. Olsen, who is currently the chairman of the Faroese Fishing Vessel Owners' Association (Føroya Reidarafelag), pointed



out in an earlier interview with the Faroese Business Report that regional collaboration across national boundaries has played a major part in the business development of Framherji, as he stressed the importance of meeting capital requirements and keeping up to date with technological advances.

"The Faroese have always worked with other nations when it comes to fishing and the maritime industry," he said. "Many of our seafarers have always worked with foreign shipowners. Access to capital is important but it's not the only thing you'll be looking for. I can tell from my experience at Framherji that working with Samherji in particular has significantly increased our business expertise in a number of areas—financially, organizationally, technologically.

"It's becoming clear that the fishing rights available for a fishing company in one jurisdiction may not alone suffice to support a top-of-the-line, next-generation fishing vessel. Therefore, shipowners in say,



MARIA OLSEN

Fagrabergr landing a catch to Havsbrún, with Faro Origin pair trawler Rókur docked in the foreground (main);

Pouring whitefish from codend into the cooling tanks on board the Akraberg (opposite, left);

Akrabergr approaching Fuglafjørður (opposite, right);

The Stapin steaming (below).

To make sure all offcuts from the processing lines on board the Akraberg get fully utilized, alongside any and all unwanted bycatch that may get mixed into the targeted whitefish, Framherji has decided to install an ensiling system on board the trawler. The ensilage will be supplied to fishmeal and feed factory Havbrún for use as part of the ingredients that make up their salmon feed products.

"Because of the fact that the Akraberg is already equipped with the relevant tanks, the investment needed for installing this system is limited," Ms. Eldevig said. "We intend to proceed with it during this summer's routine maintenance work. We wanted to take a proactive approach to the issue of offal discards and do something about it now, as opposed to waiting for some new regulations that could be forthcoming in the next couple of years or so. With this new arrangement, we will have a win-win scenario as it requires only a relatively small investment while at the same time enabling us to make sure that discarding any fish or offcuts will make no sense whatsoever for the Akraberg—we will get value out of every piece of catch, which of course is a very good thing."

Iceland, Faroe, Greenland, and Norway will find ways to collaborate to pool their fishing rights and share fishing vessels in ways that will make economic sense for them. A trawler can then be fishing during the first part of the year in one jurisdiction, then in another for the next few months, and so on. The idea that you can stop businesses from working together across national borders is out of touch with today's reality."

FULL UTILIZATION

Pelagic trawler Fagrabergr remains a success story since purchased by Framherji back in 2006, bringing in a steady stream of fresh mackerel, herring and blue whiting for processing at Fuglafjørður and elsewhere. With the abundance of these

species in Faroese waters, the country's pelagic fishing industry has experienced an economic boom in recent years.

Meanwhile, factory trawler Akraberg, purchased in 2013, is a highly versatile fishing vessel equipped with freezing and processing facilities as well as cooling tanks, providing several options as for target species and handling.

The Akraberg is mostly being used on cod and other whitefish in the Barents Sea with part of the catch being filleted and frozen at sea, and part of it being whole frozen, the latter largely sold to onshore processing plants, in the Faroe Islands, Iceland and Norway; the sea-frozen fillets, meanwhile, are predominantly shipped to the UK fish and chips market.



PELAGOS SUCCESS FULLY LAUNCHED

MARIA OLSEN



CEO Jóhan Páll Joensen.

Making a promising start for one of the world's most advanced processing facilities of its kind, Fuglafjørður's Pelagos in the first four months of full operations produced as much as 40,000 tonnes of frozen mackerel and herring.

THE BRAND NEW Pelagos freezing plant at long last became a reality in mid 2014, adding the proverbial icing on the cake for Fuglafjørður, which for many decades has been a leading port of call for pelagic fishing vessels from near and far. Since the 1966 establishment of the Havsbrún factory for industrial reduction of fish to meal and oil for animal feed, investors on and off considered the idea of building a processing facility for pelagic fish for food to complement the exist-

ing infrastructure. The idea surfaced again in light of the recent boom in the pelagic fisheries around the Faroe Islands, as coupled with political pressure on the fishing fleets to generally land their catches of mackerel, herring and blue whiting for food production rather than for industrial reduction.

While the meal and feed factory has proven vital to the local area and central to the creation of the foremost industrial cluster of the Faroe Islands, Fuglafjørður likewise

has a tradition for seafood production with focus shifting between whitefish and salmon processing—yet the volumes involved are much larger when it comes to pelagic fish processing.

The assessment was that even with two already existing similar facilities in the Faroe Islands—Kollafjørður's Faroe Pelagic and Tvøroyri's Varðin Pelagic—the demand for processing pelagic fish for food was high enough to make a third such facility necessary. As for its location, nobody could argue against Fuglafjørður where the pelagic industry is already well-established.

“The new mackerel fishery in Faroese waters presented a window of opportunity and all of a sudden things started to move fast,” said CEO Jóhan Páll Joensen of Pelagos.

By November 2013, a number of investors had been brought together, led by meal and feed giant Havsbrún in conjunction with major fishing companies Framherji and Palli hjá Mariannu (a.k.a. CIG). Less than three months later, construction was underway in earnest.

“The decision to found Pelagos was taken in late November and already by the summer, the facility was complete with the first load of catch landed in mid August. We spent the remainder of the year fine-tuning the plant and everything that goes with it and were able to process just over 40,000 tonnes of mackerel and herring in a period of four months.”

‘WE CAN DELIVER’

Budgetary estimates suggest that Pelagos needs to process some 45,000 tonnes per year to make a profit. Much of the catch comes from Framherji's Fagrabergr, a purse seiner/pelagic trawler equipped with refrigerated seawater tanks. Norðborg and Christian í Grótinum, the two pelagic factory trawlers owned by the CIG group, are occasional suppliers of fresh catch to Pelagic, alongside a number of other pelagic vessels from the Faroe Islands as well as other countries including, for example, Iceland, Scotland and Ireland.

The frozen produce from Pelagos is shipped to buyers in the food industry, located in Eastern Europe, Asia and Africa.

“This year we're going to produce mackerel and herring as well as blue whiting and silver smelt,” Mr. Joensen said.

“We've recently visited food producers in Eastern Europe and Eurasia, typically canneries and smokehouses, and have already established strong business relationships. Our clients appreciate that we are able to deliver on our promises at consistent quality and are highly competitive.”

With 70 employees working on two 35-strong shifts, Pelagos has the capacity to process volumes well beyond the 45,000-tonne mark, not least owing to its computerized, automated systems.

“Our employees are mostly controllers and inspectors who make sure the robotic machinery won't let any non-conforming items through the conveyor belt. Landing, grading, sorting, processing, freezing, packaging—the whole process is fully automatic. So these are highly sophisticated systems that were deemed to be the most advanced on the market at the time of installation.”

Part of the client outreach strategy is meeting people yearly at the world's largest seafood trade event in Brussels.

“We have booked our stand at the Seafood Expo Global for the second time already. Last year we hadn't received any fish at the point we were in Brussels but of course we knew we were going to. This time around we can be even more confident as we've got the plant up and running and so we are now very proud of our production and can tell people with confidence that we can deliver. Our clients get what they want and know what they get.”

Controlling mackerel at the conveyor belts.



MARIA OLSEN

Pelagos

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CEO: Jóhan Páll Joensen
CFO: Hjalti Hvítklett
Sales Manager: Peter Holm

Pelagos is the Faroe Islands' newest pelagic fish processing plant — and likely the world's most advanced — built on the latest computer and robotics technology for automation and top quality production. Pelagos opened for business in the summer of 2014.

We deliver frozen products of the following species:

- Atlantic Mackerel
- Atlanto-Scandian Herring
- Blue Whiting
- Capelin

The owners and founders of Pelagos include some major participants in the Faroese seafood industry:

- Framherji — owner and operator of fishing vessels Fagrabergr, Akraberg, Stápin; major shareholder of cold storage facility Bergfrost; major shareholder of fishing company and seafood processor Faroe Origin; shareholder in sales company Ice Fresh Seafood;
- Havsbrún, the Faroe Islands' largest processing facility and one of the main fishmeal and salmon feed producers in the North Atlantic, owned by Bakkafrost, the Faroe Islands' leading salmon producer and exporter;
- Palli hjá Mariannu, owner and operator of pelagic factory vessels Norðborg and Christian í Grótinum; main shareholder in sales company North Pelagic;
- Enni, a local investment company in Fuglafjørður, founded by a number of service providers to the seafood industry alongside other businesses and individuals.

ORIGIN EXPANDS SAITHE BUSINESS BY ADDING SALTED COD

Faroe Origin saw exports of fresh fillets and loins of saithe to Germany double in 2014 following MSC certification for fishery and chain of custody—now extending its range of fresh and frozen seafood to include salted whitefish.

Faroe Origin

Fiskivinnuhavnin,
FO-620 Runavík

www.origin.fo

E-Mail: origin@origin.fo

Tel.: +298 200 600

Fax: +298 200 601

CEO: Jens Pauli Petersen

Production, Sales, Logistics:
Petra S. Rasmussen

MSC certified fishing company and seafood processor with main focus on delivering top quality products.

From saithe:

- Fresh Fillets
- Fresh Loins
- Frozen IQF Portions
- Frozen loin Portions
- Frozen Tail Portions

From cod and ling:

- Salted Fillets
- Salted Splits

2 fully owned land based processing plants.

6 fully owned trawlers (3 pair teams): Bakur FD 1201 (464 GT)
Stelkur FD 1202 (464 GT)
Heykur FD 1203 (665 GT)
Falkur FD 1204 (665 GT)
Rókur FD 1205 (610 GT)
Lerkur FD 1206 (610 GT)

SAITHE MAJOR Faroe Origin is experiencing significant growth in Germany with shipments of fresh fillets and loins doubled in 2014 compared to the previous year. The rising sales volumes could be linked to the fact that Origin not long ago, in liaison with other Faroese participants in the saithe business, was accredited with the Marine Stewardship Council (MSC) ecolabels for fishery and chain of custody.

Origin's six trawlers brought in a total 10,800 tonnes of catch during 2014 to the company's processing facility at Runavík, slightly short of target, according to CEO Jens Pauli Petersen.

"We would like to see somewhat higher volumes this year to meet client demand and make fuller use of our production capacity," Mr. Petersen said.

"The fact that we've seen sales increase twofold over a year in Germany is adding some pressure; at the same time, however, we're able to control the value chain from catch to shipment.

"For example, we're briefed on a daily basis regarding the fishing and get detailed information on the current catch of each vessel while they are out at sea.

"We have good access to fishing rights to keep our boats busy throughout the year, although there will always be certain factors that you cannot control—such as the weather,



MARIA OLSEN

Petra S. Rasmussen, head of production, sales and logistics, holding a salted fillet of cod;

CEO Jens Pauli Petersen (opposite bottom);

Pair trawlers Heykur and Falkur landing at Runavík (below).

The raw fish supplies for the Toftir facility—cod and ling, which together account for some 15 percent of the fish caught by Origin's own fleet of trawlers—will thus be coming from the bycatch of these saithe-targeting trawlers, to be further complemented by purchases from the open market.

"Our concept is becoming more comprehensive now as we offer fresh, frozen and salted seafood," Mr. Petersen said. "I believe the timing is right as we have now proved our ability to deliver fresh seafood from the Faroes to continental Europe on a weekly basis, by shipping every Thursday to reach markets on the following Monday morning. We're proud of having achieved this as apparently nobody else has done it before. It's a different story when it comes to frozen products where we have a solid track record as well, however it's more of a tradition.

"Yet our foremost resource is our employees on land and at sea. After all, they are the ones who make sure everything runs like clockwork."

which indeed can and sometimes does affect the fishing. In that respect, we've had about three winters in a row with overall bad conditions but on the other hand, we're confident the turnaround will come soon."

'LIKE CLOCKWORK'

Alongside Germany, France is a major market for Faroe Origin's products of saithe which, apart from fresh fillets and loins, include frozen portions. Other markets for these products include the BeNeLux and Eastern Europe.



The fact that the business is MSC certified seems to be having an effect on sales, Mr. Petersen said.

"For anyone who cannot present good documentation to prove that their seafood is from a resource that is managed sustainably and responsibly, it's clearly getting more difficult to access the market, and also you need to be able to track your product from catch and processing to shipment and delivery. The MSC is a well respected label in Germany so we decided to work with another fishing company and a seafood trading company to achieve accreditation for the fishery and the chain of custody standard."

Mr. Petersen took the position of CEO in January this year, after having served as head of production, sales and logistics, with Petra S. Rasmussen replacing him there.

"The number one challenge remains increasing the catch," he noted, adding

that the company's relentless focus on quality assurance management will continue.

Another challenge has to do with expanding the business and extending the product line by entering an entirely different market—wet salted whitefish, filleted or split. This move is part of the termination of another fish processor's lease of Origin's salt fish facility at Toftir, a few minutes' drive from its headquarters at Runavík.

"We came to the conclusion, together with the processor who leased the facility for a couple of years, that it's time we move forward and take over the salt fish production ourselves," Mr. Petersen said.

"It was always part of the plan that we were going to do this at some point. However we want to be sure to manage the process properly so we're starting slowly and will increase the pace incrementally."



HAVSBRÚN: VALUE ADDING MARINE PROTEINS

Turning pelagic catches and offcuts from filleting into meal and oil to produce feed for farmed fish can make perfect sense—and yield more seafood than expected, as one of the world’s leading salmon feed manufacturers will explain.

THE LAUNCH of Havsbrún in 1966 remains one of the major milestones not merely in the history of Fuglafjørður and that of the pelagic fishing industry but certainly in the economic history of the Faroe Islands. The giant processing plant focused squarely on producing fishmeal and fish oil up until the early 1980s, when a new opportunity arose: producing fish feed for new aquaculture industry. After a few years of development an investment was made in a decisive move destined to define the factory’s future.

Today owned by the Faroe Islands’ only publicly listed seafood company, farmed salmon success story Bakkafrost, Havsbrún is still considered a large fishmeal and fish oil producer; however, the company is just as much a salmon feed manufacturer serving the domestic and international markets, and a leading one at that.

Devoid of any interests in the catch sector, Havsbrún nonetheless played a significant role in the establishment of the Faroe Islands as a major rights holder in the blue whiting fishery of the Northeast Atlantic.

“People often tend to forget the importance of the infrastructure underpinning an industry,” said managing director Odd Eliassen. “For example, because of the abundance of blue whiting in Faroese waters and the fact that we were able to receive and process the very large volumes of the species that the pelagic fishing fleet would catch from the mid 1990s and onwards, we played an important part in the recovery of the pelagic industry. The vessels got their catch landed quickly, conveniently and efficiently and we would reduce the catch into meal and oil, which again we used as basic ingredients in the feed that we had started to produce for fish farms.”

Havsbrún’s claim on the viability of the Faroese aquaculture industry is even higher. As today’s main supplier of salmon feed for



MARIA OLSEN

Managing Director Odd Eliassen.

the industry—feed of recognized superior quality thanks to its high percentage of marine proteins and Omega-3 fatty acids—the company helped pave the way for the premium brand image achieved in recent years by exporters of salmon from the Faroe Islands.

‘FULL VALUE’

A key concept that has gained prominence lately is that of full utilization of resources—that every part of each fish caught should be fully utilized. Perhaps unexpectedly, meanwhile, very few if any farm animals offer as high ‘food return’ on the ‘feed investment’ as Atlantic salmon.

“Full utilization of resources is the essence of what Havsbrún is all about,” Mr. Eliassen said. “Now we are pleased to see a growing awareness of this principle, both in business and in public policy discussions. At the same time, unfortunately, there seems to be some persistent confusion regarding the use of fishmeal and fish oil as ingredients in

fish feed. Some people think that using fishmeal and fish oil in feed is detrimental to the vitality of fish stocks and marine ecosystems; but they seem unaware of salmon’s exceptional feed conversion rate—for every 100 kilograms of feed intake, farmed Atlantic salmon returns 65 kg of finished seafood at the other end of the line. If you compare that with other fish or, say, chicken, not to mention cattle, you get much less meat in return for the feed. In our production we use every part of the catch including the offcuts from gutting and filleting—heads, viscera, bones, everything—and it all gets reduced to meal and oil and then mixed into salmon feed.”

Similarly, filleting one kg of blue whiting will leave you some 270 grams of actual seafood, whereas if you fillet one kg of salmon you’ll get 650 grams to eat. Meanwhile technological advances

in fish nutrition and feed processing enable Havsbrún to incrementally improve its products.

“The world’s total production of fishmeal and fish oil has remained stable at five million tonnes of meal and one million tonnes of oil. Demand meanwhile for healthy food such as salmon is growing at an exponential rate in Asia with an annual migration into the middle class of about 110 million people. The pressure is on to increase nutritional value of the fish feed in the most effective way, which means we have to constantly strive for further refinement and improvement, working in the fields of biology, chemistry, animal nutrition and processing technology. We believe in setting high standards for the entire seafood industry to propel it forward and make sure the Faroese community gets full value out of its rich resources.”

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Tel.: +298 414460 (Feed Division)

Managing Director: Odd Eliassen

Headquartered at Fuglafjørður in the Faroe Islands, Havsbrún is a modern, internationally renowned producer of fishmeal, fish oil, and fish feed. Almost all of the production is used for own fish feed with only a very small part being exported as meal and oil.

Havsbrún opened for business in 1966 and today is recognized as an international market leader with a relentless focus on research and development and with its own quality assurance laboratory.

Havsbrún only selects fish of the highest quality for use in its production. Coupled with our stringent quality assurance protocols, our exacting selection process of raw material ensures a finished product of the highest quality. The quality assurance laboratory at Havsbrún maintains cooperative alliances with research institutions, both domestically and internationally, thus assuring a constant flow of relevant, up-to-date knowledge that enables Havsbrún to produce the best products for the international market.

Havsbrún is a subsidiary of the Bakkafrost Group.



Pelagic fishing vessel Christian í Grótinum landing her catch to Havsbrún.

Havsbrún has been producing fishmeal and fish oil since 1966 and fish feed since 1983.



Loading fish feed onto a bulk freighter next to the Havsbrún facility.



MARIA OLSEN

MARIA OLSEN



Managing Director Hjalmar Petersen.

Vónin

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Managing Director:
Hjalmar Petersen

Developer and manufacturer of fishing gear and aquaculture equipment for the international markets. Reseller of related products. Advice, service, repairs.

Offices:
Faroe Islands
Norway
Greenland
Canada
Denmark
Iceland
Lithuania
Russia

Own net lofts and warehouses:
Fuglafjørður
Tórshavn
Norðskála
Nuuk
Sisimiut
Aasiaat
Illulissat
Port-de-Grave
Tromsø
Finnsnes
Svolvær
Rørvik
Strandby
Skagen
Reykjavík
Siauliai

Bottom trawls, shrimp trawls, midwater trawls, semi-pelagic trawls, purse seine nets, sorting grids and nets, trawl doors, ropes, wires, twines, chains, shackles, spare parts, accessories.

Nets for fish farming, float frames, drum net washers, mooring systems.

MAKING TRAWLING SMOOTH

Pelagic trawls from Vónin made with newly-developed Capto net twine are catching on among skippers looking for smoother operations; meanwhile the new Fortis netting promises to increase performance of benthic trawls.

WHILE VÓNIN's Fortis netting is increasing the performance of trawl nets used by a range of trawlers including Greenland shrimpers and various Norwegian bottom trawlers, the company's new Capto net twine is making the handling of large midwater trawls easier for a growing number of pelagic fishing vessels across the North Atlantic. First used by Faroese pelagic trawler Fagraberger in 2013, the Capto braided net twine is fast becoming commonplace among Faroese as well as foreign fishing vessels.

According to Jógvan S. Jacobsen, head of Pelagic Sales at Vónin, the new net twine helps pelagic trawlers work more efficiently on deck while also making trawl nets spread easier and quicker in the water after being launched. The product was developed as an alternative to the long-serving Euronete Super-12 net twine for the large meshes in the fore net of midwater trawls. With the stiffer material of the polyethylene coating on Capto, trawls made in the new net twine eliminate the old problem of net tangling during operations.

GROWING BY LEAPS AND BOUNDS

Offering a full-spectrum concept in aquaculture equipment, Vónin expands its business further with new corporate headquarters and production hall in Fuglafjørður and a new hall in Nuuk—after successfully opening in Lithuania.

AMID EXPANSION in several markets, Vónin last year stepped up its Aquaculture division to add own-produced plastic cages to its comprehensive range of equipment and accessories for fish farms. With the rough seas of the Faroe Islands as testing ground, the equipment from Vónin Aquaculture, today installed on every Faroese fish farm, is counted as the most robust and durable in the world.

Alongside plastic cages, Vónin Aquaculture deliver cage nets, moorings, anchors and more, much of it manufactured exclusively for Vónin.



All Faroese fish farms are equipped by Vónin Aquaculture.



Vónin's new 4,000 m² production hall in Siauliai, Lithuania.

Vónin Aquaculture has seen its export business grow substantially in recent years, in particular in Norway but also in Scotland and elsewhere.

In other developments, as of spring 2015, Vónin is planning to build its new corporate headquarters in Fuglafjørður, Faroe Islands. Aside from offices, the 100 meter long building will house a specially fitted net loft for large midwater trawls. In Nuuk, Greenland, meanwhile, a new hall for Qalut Vónin is underway, while in 2014, a new facility was built in Siauliai, Lithuania.

'WORKS EXCEPTIONALLY WELL'

"There is no change in the gear's performance," Mr. Jacobsen said, "and in developing this new net twine we weren't looking for something that would fish more effectively, as the trawls already catch well as they are. Instead, we were looking for ease of handling for the crew and a longer working lifetime."

"More and more pelagic vessels opt for Capto-made trawls," Mr. Jacobsen said, adding that client vessels come from a number of countries including the Faroe Islands, Iceland, Norway, and Denmark.

As one of the world's foremost developers of fishing gear, Vónin every so

often introduces new products and improvements. Alongside midwater trawling, bottom trawling also represents a sizable part of the company's fishing gear business. Here, Fortis netting was recently introduced to make bottom trawling more effective.

Said marketing manager Bogi Nón: "This netting is a solution that resulted from the expressed wish by a skipper who wanted to find both a larger and lighter trawl; this is normally seen as two opposites, yet with Fortis we've managed to create a new system that works exceptionally well. It provides the skipper with the option of either choosing a larger and more effective trawl net, or sticking with

their original size and instead gaining by having towing made much easier."

"Skippers are increasingly opting for Fortis and once they've tried it they tend to stick with it," Mr. Nón said.

Bottom trawl with Fortis netting on board a Norwegian trawler.



UNDERWATER OPTICS: SLOWLY BUT SURELY

Based in one of the world's toughest testing environments for marine equipment, JT Electric sees soaring overseas demand for its underwater applications, notably video recorders for trawl fishing, lights and cameras for fish farming.



Trawl Camera.

IF YOU'RE IN the business of developing marine equipment or related products and solutions, chances are you will find the weather and climate of the Faroe Islands to be a most welcoming feature—it will guarantee that what you have to offer is thoroughly tested for quality and therefore of the highest calibre as far as concerns operational reliability, robustness and durability. Anything less will simply not work in the Faroe Islands; once you've managed to make it work there, you're likely to have a winning formula.

Just ask engineering firm JT Electric, makers of such products as Trawl Camera, Ocean Lite, and OceanCam. Based in Kambsdalur, Fuglafjørður, JT Electric are specialists in providing underwater solutions such as video camcorders for trawl fishing and artificial sunlight lamps as well as cameras and automatic feeding solutions for aquaculture. Lately the company has received an increasing stream of orders from overseas markets like Russia, Iceland, Norway, Scotland, Australia, and the Arab Gulf.

Starting from scratch and developing over four decades under the able leadership of electrical engineer Johannes Thomsen, founder of the enterprise, JT Electric has been able to turn the tough natural environment of the Faroe Islands into a competitive advantage in the international arena.

Said CEO Rói Kalsø: "Our underwater lights and cameras for aquaculture and camcorders for trawl fishing have been tried and tested for years and constantly improved. What we offer today is in the world's absolute top league. These are heavy-duty products with a price tag that is far below what you would otherwise pay for the equivalent in durability and overall quality. One reason is we develop these items in an environment that is at the heart of the Faroese fishing and aquaculture clusters—the marine environment here can be extremely hostile with strong currents and high waves to a degree

that is unheard of in other fish farming areas. So the industry here requires equipment that actually works and lasts, irrespective of such conditions."

'NOT TOO QUICKLY'

According to Mr. Kalsø, JT Electric has noted a growing influx of orders from abroad in the last couple of years. The success is largely, albeit not exclusively, attributed to the level of product quality achieved, as a new key ingredient has been added more recently—a redefined business strategy that has centered the company's focus on a few key offerings.

"We are shipping to Tasmania, Dubai, Russia plus neighboring countries like Norway and Iceland and many more. Last time I counted we had 19 countries and the list is growing. We are finally being rewarded for the long and hard efforts that have been put into product development and quality. However also of importance is the fact that we have become more focused on core business so that more energy is put into solutions while we're increasingly using standard technology in component parts. So we've boiled it down to three main departments: development, production, and maintenance."

The composition of Fuglafjørður's local industry remains a key factor in the process, Mr. Kalsø said.

"Fuglafjørður has a high concentration of businesses that work in closely related markets. Our collaboration with local companies is critical to our success as they form part of the feedback loop and some even carry our products as part of their offerings. As for our Trawl Camera, for example, fishing gear manufacturer Vónin is an active partner all through, from test runs and installation to marketing and sales to maintenance. In the case of Oceanlite and OceanCam, work extensively with mechanical engineering firm KJ Hydraulic, who are specialists in the aquaculture industry. We



CEO Rói Kalsø.

have local fish farms using our lights and cameras as well as feeding automation solutions. And the Port of Fuglafjørður is the mainstay of the pelagic industry and one of the busiest in the country, so many of the vessels that call here are users of the Trawl Camera. Plus there are other key facilities in the fishing harbor, all of which enables us to stay in close contact with clients and receive a steady stream of feedback relevant to our products."

With a background in retail commerce and business accounting, the 40-year old Mr. Kalsø took the helm in January 2014.

Since then, JT Electric exports have increased to 13 percent of total sales and are expected to represent significant growth potential.

"We are looking to grow our exports substantially but not too quickly," Mr. Kalsø said.

JT Electric

Jóannes Thomsen Pf
Kamsbenni 9, Kambsdalur
FO-530 Fuglafjørður

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CEO: Rói Kalsø

JT Electric is an innovative electrical engineering firm focused on solutions for the aquaculture industry through our own products.

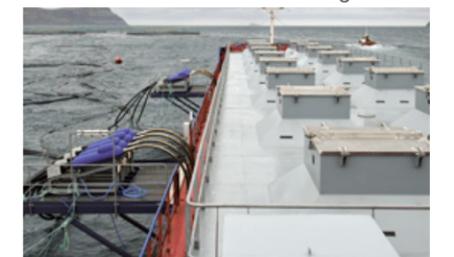
- Trawl Camera — underwater trawl fishing camera;
- Oceanlite — underwater lights for fish farming;
- OceanCam — underwater and surface fish feeding cameras;
- Sensor Station — underwater environment, oxygen and temperature sensor station;
- Feeding Systems — feeding systems for hatcheries and seawater fish farms.

Our products are developed in collaboration with the Faroese fishing and aquaculture industries and tested live under severe conditions to ensure durability and reliability. In addition to serving the domestic market, we export to Russia, Norway, United States, Canada, Australia, Japan, and Greenland, to name some.

Based at Kambsdalur in the Fuglafjørður area in the Faroe Islands, the company was founded in 1972 by Jóannes Thomsen.

Our aim remains to be the industry's preferred provider of top quality electrical engineering solutions.

Feeding Station.



DECADES OF EXPERIENCE IN FRESH COME IN HANDY

Through a well-oiled supply chain, seafood veteran Landshandilin continues to ship premium products of salmon and saithe to hungry markets—making good business in Eurasia, the Far East, and North America.



MARIA OLSEN

SEAFOOD TRADER Landshandilin, one of the most experienced Faroese companies in the fresh fish business, continues to make headway in key markets for Atlantic salmon in Eurasia, the Far East and North America, with exports of saithe to Continental Europe in a strong trajectory.

The most significant growth occurred in Russia during 2014 in an international trade environment complicated by sanctions between major powers. Steering clear of political disputes as a non-member of the EU—in the process taking position as sole supplier of fresh Atlantic salmon—the Faroe Islands received a huge boost in demand.

As a recognized player in the salmon business, Landshandilin took orders on an unprecedented level, said managing partner Finn Rasmussen.

“This demand from the Russian market was beyond anything we had seen before and we’ve been in this business for almost 30 years,” Mr. Rasmussen said. “It peaked late last year [2014] but is still very strong so we’ve been struggling to keep up with it.”

‘EVERY CORNER’

Landshandilin sources most of its seafood from the Faroe Islands, Norway, and Scotland including Shetland.

Mr. Rasmussen added that farmed At-

lantic salmon also remains in high demand in Shanghai and elsewhere in China as well as in the U.S., with the West Coast representing the highest rate of growth, with a stable flow of orders meanwhile coming from the more mature markets in the greater Boston area, the New York metropolitan area and elsewhere on the East Coast.

“China has become an increasingly important market for salmon and we receive more and more orders from Shanghai and other large population centers. In America, we’ve seen a surprising level of demand in the last couple of years, especially along the West Coast—we’re dispatching container loads across the Atlantic and to the Far East almost on a daily basis via London Heathrow Airport.”

As for wild caught saithe, the main market is Germany, followed by France and other European countries.

Said Niclas Rasmussen, financial manager and likewise partner in Landshandilin alongside his brother Finn: “Since we were accredited the MSC ecolabel, we’ve seen sales of saithe consolidated with an upward trend, especially in Germany but to a degree in France and elsewhere, too. Apart from that, we have buyers on every continent and ship fresh seafood to virtually every corner of the globe.”

Landshandilin
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Managing Partners —
Sales Director:
Finn Rasmussen
Finance Director:
Niclas Rasmussen

Sales Manager: Karen Lee

Independent trading company with almost 30 years of experience in seafood. Fresh fillets, portions and other variables of cod, saithe, redfish, Atlantic salmon, and most other commercial species found in the Northeast Atlantic.

Delivery worldwide.

For example — fresh:
Atlantic salmon, Arctic char, saithe (coley/Boston bluefish), redfish (ocean perch), turbot, halibut.
Frozen: Atlantic salmon



MARIA OLSEN

Managing Partner
Finn Rasmussen;
Pair trawlers taking in a catch of saithe (main);
Farmed Atlantic Salmon, headed and gutted (above).



Expect us.



Anytime.

Vørn—the Faroe Islands Fisheries Inspection—monitors and controls fishing activities within the Faroese exclusive economic zone and the activities of Faroese fishing vessels in foreign waters.

It's our job to:

- Ensure that all fishing laws and regulations are kept;
- Provide towage and salvage assistance to Faroese and foreign vessels;
- Conduct pollution inspections and cleanup oil spills;
- Conduct safety equipment inspections;
- Train cadets in navigation;
- Provide information and guidance to fishermen.



Nordixis



FISKIVEIÐIEFTIRLITID
FAROE ISLANDS FISHERIES INSPECTION

UPGRADING FACILITIES

Rapid development of the Faroese logistics infrastructure continues as a result of pressure from success in the seafood trade—meanwhile growth is generated in the offshore support industry, calling for more shipping related services.

By BUI TYRIL

EMERGING SHIP REGISTRY OFFERS NEW OPPORTUNITIES

The emerging merchant shipping industry and related services could represent a potential new economic driving force for the Faroe Islands with the FAS ship registry playing a leading part, according to the Faroese Maritime Authority.

ALTHOUGH Faroese exports still largely consist of fishery and aquaculture products, merchant shipping is expected to grow significantly in the years ahead.

About one-tenth of the entire Faroese workforce are marine engineers and navigators while, for example, a significant percentage of the ship's officers in the Danish merchant fleet are Faroese, with thousands of Faroese working on fishing vessels, offshore support vessels, tankers and freighters around the world. Against this backdrop the FAS—the Faroe Islands International Ship Register—was established, initially in 1991, as a way to help bolster the domestic merchant fleet. Later, in 2008 and further in 2009, the FAS was revised and redesigned to make it consistent with international demand.

Alongside financial and fiscal considerations, the needs and requirements of international shipowners that have been noted in the Faroe Islands include recruitment opportunities and smooth dealings with public authorities, said Hans Johannes á Brúgv, Director General of the Faroese Maritime Authority (FMA).

Thus, Mr. á Brúgv added, for a growing number of shipowners from Sweden, Norway and many other countries across the world, the FAS is emerging as a viable alternative.

“With FAS, the Faroe Islands is asserting itself as an internationally competitive flag jurisdiction,” he said.

The crew wage tax refund system under the FAS refunds shipowners the full amount

- Vessels up to 1,000 NT:
6 DKK per 100 NT per on-hire day.
- Vessels over 1,000 NT up to 10,000 NT:
4 DKK per 100 NT per on-hire day.
- Vessels over 10,000 NT up to 25,000 NT:
3 DKK per 100 NT per on-hire day.
- Vessels over 25,000 NT:
1 DKK per 100 NT per on-hire day.

In the FAS tonnage taxation scheme each ship is taxed at the fixed rate of 18 percent of taxable revenues, with the taxable revenues calculated from the ship's net tonnage per on-hire day, as specified in this table.

of the income tax withheld from crew working on FAS-registered vessels. The highly cash-flow friendly arrangement allows shipowners to receive their tax refund already within days after payment of monthly wages.

Mr. á Brúgv added: “Full refund of payroll taxes and a viable tonnage tax system are some of the factors that make the FAS financially and operationally very attractive, not least from a fiscal perspective. Alongside our competitive tax regime, we offer a friendly service that is relatively ‘bureaucracy-free’ with easy access to civil servants and administrative personnel.”

With the Faroe Islands' vast collective experience and expertise in shipping, which also includes an advanced domestic fishing sector and its associated registry with hundreds of vessels on record, the FAS plays a pivotal part in the overall development of the country's merchant shipping industry.

“One main reason for the success of our registry is that it puts international shipowners in touch with an environment that combines ease of use and friendly service with



FMA Director General Hans Johannes á Brúgv.

FAS – The Faroe Islands International Ship Register

Faroese Maritime Authority
Sigmundargøta 13
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fma@fma.fo
Tel.: +298 351 500
Fax: +298 351 505

Director General:
Hans Johannes á Brúgv

FAS was originally established in 1992 and has proven to be an excellent alternative to other open ship registries. FAS offers a number of financial advantages including flexible, efficient, and uncomplicated public administration.

The Faroese flag, known as Merkið, is internationally recognized.

The Faroe Islands is an Associate Member of the International Maritime Organization (IMO). The relevant IMO/ILO conventions are in force in the Faroe Islands.

FAS-registered RoPax ferry Norrøna.



competitive advantage in the global marketplace. The maritime expertise available through our network also means shipowners can tap into the large pool of highly-respected Faroese ship's officers to fill positions at sea and on land.”

‘WORLDWIDE OPPORTUNITIES’

While covering a mere 1,400 square kilometer in total, the archipelago of the Faroe Islands nonetheless controls a very sizable area of sea with an exclusive economic zone spanning 274,000 sq. km. While located north of Scotland, west

of Norway and south of Iceland, the country remains part of the Kingdom of Denmark; however, it keeps its own domestic government, its own language, culture, flag, parliament, and tax system.

The Faroese flag is on the ‘White List’ of the Paris Memorandum of Understanding on Port State Control (Paris MoU) and the Faroe Islands is an associate member of the International Maritime Organization (IMO).

The FAS administration underwent the Voluntary IMO Member State Audit Scheme (VIMSAS) in 2011 and the outcome was seen as very favorable with only two minor notes on nonconformities.

The Nordic cultural identity of the Faroese lays the basis of a well-organized society, structured in line with the Scandinavian model in a miniature version of its own, as it were. Advanced public road infrastructure, socialized health care, high-quality public education with 100% literacy levels and near-100% in-

ternet penetration are examples of what characterizes the island community. Also noteworthy are the extraordinary language skills with virtually every grownup fluent in ‘Scandinavian’ (Danish/Norwegian/Swedish) and a large percentage proficient or fluent in English.

Moreover, the strategic location of the Faroe Islands is likely to become further highlighted in the years ahead as changes in the climate open new shipping routes in the Arctic and Northeast Atlantic ship traffic through Faroese waters is set to increase.

At the same time, the small-nation advantages offered by the Faroes may gain further notice as new technology is transforming vital aspects of the shipping industry, with the reality of a level playing field becoming the norm in most fields of business.

“Indeed,” Mr. á Brúgv noted, “through the FAS, a stunning wealth of worldwide opportunities are made available.”

FAS-registered workboat Svitzer Gaia.



SKANSI OFFSHORE: SHAPING A COMPETITIVE SHIPPING BUSINESS

Skansi Offshore

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Tel.: +298 614900

Fax: +298 314906

www.skansi.fo

Executive Management:

Jens Meinhard Rasmussen

Tummas Justinussen

Non-Executive Directors:

Osmundur Justinussen

Per Sævik

Tage Bundgaard

Shipping company providing field services for the international offshore energy industry.

Based in the Faroe Islands, Skansi Offshore can ensure a consistent workforce of experienced, highly qualified and flexible seamen.

Own fleet of platform supply vessels:

Eldborg

Type: PSV, Length: 78.60m

Yard: Fjellstrand AS

Year: 2009

Build no: 1680

Design: Havyard 832CD

Saeborg

Type: PSV, Length: 86m

Yard: Havyard Leirvik

Year: 2011

Build no: HLE 102,

Design: Havyard 832L

Sjborg

Type: PSV, Length: 86m

Yard: Havyard Leirvik

Year: 2012

Build no: HLE 106,

Design: Havyard 833

Torsborg

Type: PSV, Length: 86m

Yard: Havyard Leirvik

Year: 2012

Build no: HLE 109,

Design: Havyard 832L

Kongsborg

Type: PSV, Length: 86.8m

Yard: Havyard Leirvik

Year: 2013

Build no: HLE 111,

Design: Havyard 833

While at home receiving the Company of the Year 2014 Award, not least for its level of employee satisfaction, Skansi Offshore gains increased recognition abroad with business contracts secured in the North Sea and off East Africa.

WITH ITS impressive fleet of highly modern platform supply vessels, Skansi Offshore has become a leading player in the emerging merchant shipping sector of the Faroe Islands. Earning a strong reputation among international business clients and in the domestic labor market, the company has received contracts with the likes of Statoil, Shell, BP and BG in the oilfield services business.

Skansi Offshore's 1.5 billion Danish kroner (200 million euro) investment in five newbuilds from Norway's Havyard, delivered between 2009 and 2013, laid the foundation for a shipping business that has turned out a success with operations in the North Sea and off East Africa.

According to CEO Jens Meinhard Rasmussen, a combination of sharp focus on HSEQ (health, safety, the environment, quality), local recruitment and social responsibility policies have helped propel the company forward despite the current climate of turbulence in the energy sector.



Last September, picking Skansi Offshore for the Company of the Year 2014 Award, the Faroe Islands' House of Industry stated: "Providing services for the oil industry without having a domestic oil industry requires something special. According to conventional wisdom, it would be impossible or too cumbersome. Fortunately not everyone is inclined to think along such lines; some rather think that as oil production takes place in other countries including our nearest neighboring countries, the Faroese should, as a nation of seafarers, also be able to use marine vessels for purposes other than fishing."

"Skansi Offshore have proven that they can be trusted to deliver to the highest standards," the House of Industry added in its award motivation speech.

Founded in 2005, the company grew out of what was previously a fishing enterprise owned by Osmundur Justinussen and his family, including his son Tummas Justinussen, who, together with Mr. Rasmussen, is part of the executive management team.

'SOURCE OF PRIDE'

With around 130 employees, of which more than two-thirds work on board the PSVs, Skansi Offshore is known as an outstanding place to work whether on land or at sea.

"At Skansi we've always had bold visions," Mr. Rasmussen commented. "We never doubted our competencies and abili-

ties, and have always aimed to be a preferred supplier for the oil companies. Grand visions are necessary and all but without the right capacities and qualities, and the right conditions, and without patient shareholders and loyal employees, such visions may never become reality."

Mr. Rasmussen said: "The added recognition that goes with receiving the Company of the Year award is actually an endorsement of the skills of our employees at sea and on land, who chose to join us, and also of the great courage and judgement of our shareholders and financiers, who never stopped believing in this project. When we started this business some eight years ago, there were doubtlessly some skeptical voices out there—people who had a hard time seeing an old Faroese fishing business successfully getting involved in serving the international oil and gas industry. Even fewer people would imagine that this enterprise would be able to compete with much larger and more experienced shipping companies. Some of us, however, remained confident that Skansi Offshore would prove itself, and this award for sure affirms our viability."

From the outset Skansi Offshore had a very clear idea of what business they were entering and how they were going to stay competitive.

"We knew that entering this business was not going to be too easy," Mr. Rasmussen said in an interview. "So recruiting the right talent has been a top priority from the outset, and we put a lot of effort into research and made sure early that we had critical expertise in house. We were keen to see that the vessels we were building were going to be state-of-the-art, and this in turn has helped us create a high-quality concept. Part of it, of course, is meeting the latest industry standards, not least with regard to HSEQ."

Likewise local recruitment and a clear strategy on social responsibility play a key part in decision-making processes for the relevant business areas, according to Mr. Rasmussen.

"We place emphasis on creating job opportunities in the local community and developing policies and best practices that help attract and further develop talent—we want Skansi Offshore to be a great place to work and a source of pride for everyone involved."

CEO Jens Meinhard Rasmussen with accountant Gunnvá Olsen;

Left to right, executive managers Tummas Justinussen and Jens Meinhard Rasmussen, receiving the Company of the Year Award 2014 (opposite).

Action on deck with oil rig in background.



Torsborg.



MARIA OLSEN

WORLD-CLASS SUPPORT VESSELS TAKE THOR TO NEW LEVEL

As four of the world's most advanced seismic support vessels are being added to Thor's fleet, all on long-term contracts, the company's success in the offshore business becomes evident with promising prospects—and some optimism, too.

Thor

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www.thor.fo

thor@thor.fo

Tel.: +298 422503

Fax: +298 422383

Chief Executive Officer:
Hans Andrias Kelduberg
MD Operations:
Gunnbjørn Joensen
MD Marketing:
Per Gulklett

Offshore shipping company with a leading international position in marine seismic services.

Owner-operator of fishing vessels.

Provider of management and fulfillment services for FAS-registered international vessels.

Own fleet of offshore support vessels:

- Thor Supporter •Tórsvík
- North Star •Thor Pioneer
- Thor Server •Thor Goliath
- Thor Provider •Thor Guardian
- Thor Beamer •Thor Alpha
- Thor Omega •Thor Assister
- Thor Chaser

New seismic support vessels: (Skipsteknisk ST-204 Design, Besiktas Shipyard)

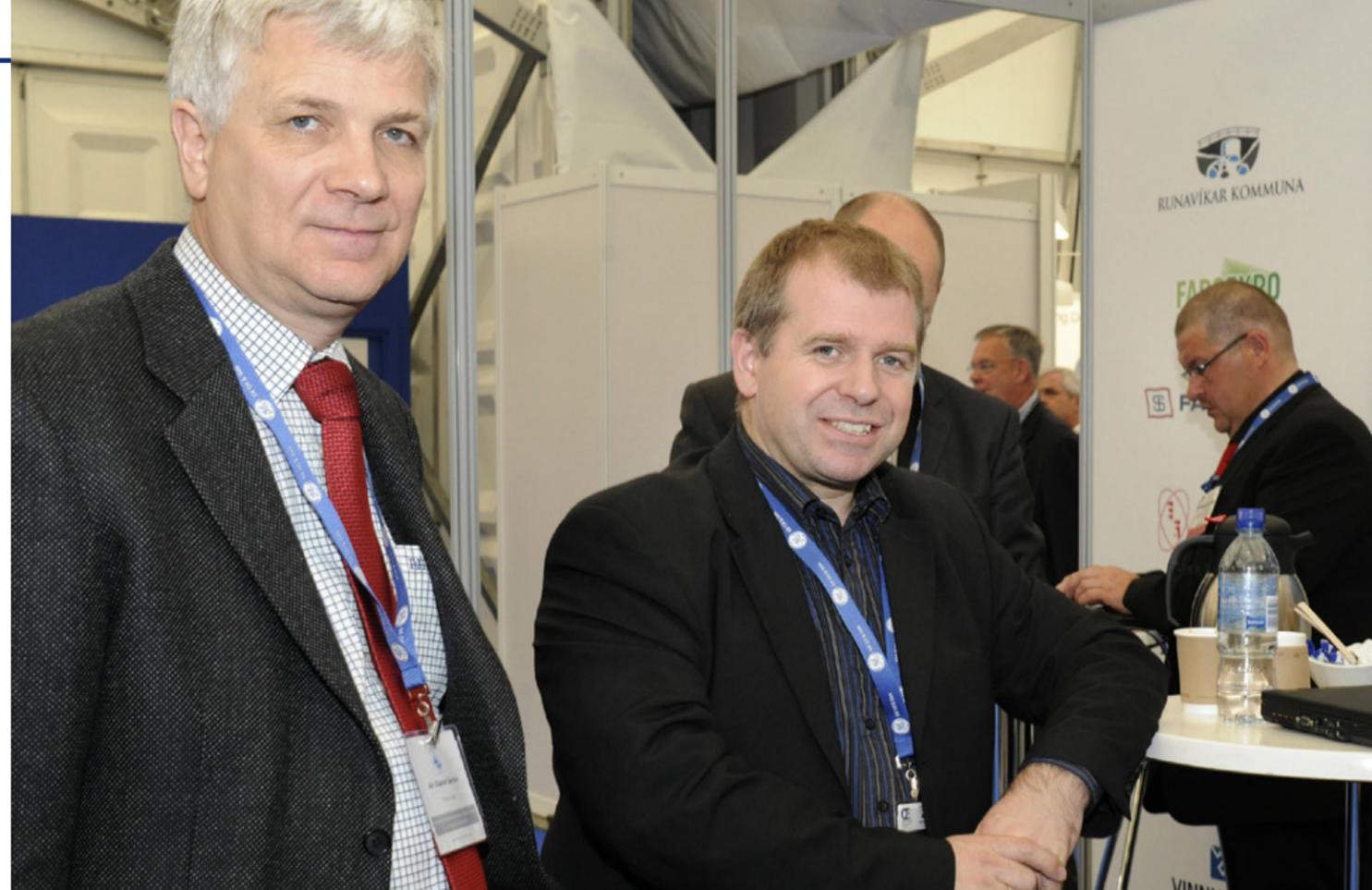
- Thor Magni (Feb 2015)
- Thor Modi (May 2015)
- Thor Frigg (Expected H2 2015)
- Thor Freja (Expected H2 2015)

Own fleet of fishing vessels:

- Thor •Vesturland •Ran
- Túgvusteinar •Phoenix
- Sermilik II •Norðheim
- Varðborg •Chr. Høy

AFTER ALMOST two decades of serving the offshore energy industry, in particular the seismic business, Faroese vessel owner Thor is squarely positioning itself as leader in its niche. With a series of specialized, multipurpose seismic support vessels about to be delivered, Thor is on track to becoming the best equipped company in the business. Of the four newbuilds ordered from Turkey's Besiktas Shipyard, the first—Thor Magni—was delivered in February this year (2015), with the second—Thor Modi—expected to be delivered in May, and two more—Thor Frigg and Thor Freja, respectively—scheduled for delivery in the second half of the year.

All of the vessels are built to work in any of the world's oceans, from the steaming tropics to the icy Arctic, and were designed and developed in close collaboration between



MARIA OLSEN

Left to right, Managing Directors Per Gulklett and Gunnbjørn Joensen during a trade show in Aberdeen, Scotland;

Newbuild Thor Modi floated at the Besiktas Shipyard (bottom opposite);

Newbuild Thor Magni went into business immediately after delivery in February 2015 (bottom centered);

Thor Frigg under construction at the Besiktas Shipyard (below).

Thor and client Petroleum Geo-Services (PGS) together with naval architects Skipsteknisk and Besiktas Shipyard.

With the Thor Magni already in operation, the first live experience of the new class of support vessels has been duly noted.

"We are very impressed," said Thor managing director Per Gulklett. "This is a world class vessel by any standard. The fact that it's fitted with the latest in everything from hull design to propulsion technology and electronics makes me very confident—it will allow us to deliver our service to the highest standards, in a way that hasn't been possible earlier. For example, with regard to the environment, health and safety, we are taking everything to a whole new level. This is the new standard that we will be seeking across our entire fleet to the extent possible. Of course we look very much forward to seeing all four vessels in the series enter into service."

With a gross tonnage of 2,084, the four identical support vessels are each 64.4 meter long, all classed Clean Design, Recyclable, and Ice-1A.

What makes Thor's 600 million DKK (80M EUR) investment in the four newbuilds

convincing from an economic point of view is the fact that each of them commences business with a 10-year contract already in place, with two five-year extension options as well attached to each.

'EXCITING TIMES'

To top it off, Thor likewise has a price option on the construction of four more vessels, with financing in place as well.

"Once we have contracts secured for more new vessels, we will be likely to place a new shipbuilding order," Mr. Gulklett said.

The 150M DKK (20M EUR) price tag for each of the vessels—significantly discounted compared to what the vessels would have cost to build in Norway or anywhere else in the Nordic region—was a key factor in placing the construction

order with Besiktas. Negotiations with the Turks were likewise influenced by the fact that this was their first order for offshore support vessels.

"They have extensive experience in shipbuilding yet prior to this project only in other types of ships, such as, tankers, container vessels, and bulk freighters. So this was their first shipbuilding order for offshore support vessels, let alone very special seismic support vessels—and they have handled it extremely well. They've demonstrated tremendous skill and flexibility. Of course it took years to fully prepare and coordinate this order and follow it through to the floating and final stages of the process. We've worked very closely with the them and they've been keen to get everything absolutely right, and fortunately we have been able to draw on our pool of highly trained, technically skilled personnel with relevant offshore industry background. This tight collaboration has also included PGS and Skipsteknisk and the whole idea was of course to create a vessel that would fully meet all of the requirements asked for. So we've been very pleased to



note that so far the whole project has succeeded in every aspect."

With all vessels floated, one already completed and delivered, and the remaining three set for delivery through the course of the year, the construction project is drawing to close.

Mr. Gulklett joined CEO Hans Andrias Kelduberg as executive director on 8th April after having served in the function of marketing director for more than a decade.

"These are exciting times at Thor despite the current atmosphere of volatility in the international markets," he said. "There is little doubt that things will eventually stabilize and we'll be ready for it."



ADDING ATTRACTIONS TO BUSIEST PORT

The Port of Tórshavn remains the top import and export hub of the Faroe Islands even as container traffic increases and cruise tourism inches upward in the country's largest passenger gateway—while a new business center opens.

Port of Tórshavn

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Tel.: +298 311762
Fax: +298 319059

Port Director:
Jónsvein Lamhauge

Chief Financial Officer:
Annfinn Hjelm

The Port of Tórshavn is the largest and busiest in the Faroe Islands.

Recognized as a base for North Atlantic fishing fleets, a focus for the nation's container and ro-ro ferry traffic and a growing summer call for cruise ships.

The port offers an unrivalled concentration of quality maritime services and expertise at its four main harbour areas, all of which are ISPS compliant, manned 24 hours a day.

Tórshavn: Container and ro-ro terminal; 1,575 meters of total berth space; 45,000 square m of open storage space; shipyard with high-capacity slipway; entrance channel 160 m, water depth 7 to 10 m.

Sund: Industrial harbor with a total 215 m of dock (one berth of 150 m, one of 65 m); water depths 7 to 8 m; area for development: 25 000 sq. m.

Kollafjørður: Home to one of the world's largest freezing plants for pelagic fish; processing plant for salmon; BIP (EU Border Inspection Point) approved, 10,000-tonne capacity cold storage facility; 560 m of total berthing space (260 m with 11.8 m water depth, 100 m with 9.3 m water depth).

Oyrareingir: Container terminal with ro-ro ramp; 150 m of dock with 11.8 m depth alongside; 50,000 sq. m developed storage area for containers and general cargo.

THE PORT OF TÓRSHAVN continues to experience growth in container traffic as its role of central hub for Faroese exports and imports of goods is consolidated, much through the combination of larger container ships calling at Faroese ports and increased use of trucking for domestic transports to reduce overall shipping time and fuel consumption.

According to chief financial officer Annfinn Hjelm, the port authority, the City of Tórshavn, is currently looking for ways to expand the port's capacity, in particular to offset space squeeze on the East Harbour container and passenger terminals and surrounding areas.

At the same time, in line with the City's stated goal of attracting more maritime related business, one of the old industrial buildings at the West Harbour is being renovated to the tune of 100 million DKK (13.4M EUR). The 7,100 square meter House of Maritime Industry is scheduled to open next winter, with only work on the interior remaining for completion as of this writing (April 2015).

"The House of Maritime Industry is looking great and the feedback coming from people is indeed positive," Mr. Hjelm noted.

"This is going to be a highly attractive venue for a wide variety of businesses related to the ocean, be it, for example, shipping, naval architecture, marine engineering, seafood, aquaculture, marine biotechnology, offshore energy, business consulting, or computer science. There are quite a few prospective tenants and we are looking forward to sign the first contracts. We are very pleased to provide opportunities for creating the first cluster of its kind in the Faroes."

While the East Harbour and the West Harbour are located in the Faroese capital itself, the Port of Tórshavn also comprises the Sund industrial harbor 10 kilometers to the northwest as well as the Oyrareingir container terminal alongside the Kollafjørður

fishing harbor located some 23 km northwest of Tórshavn.

SPIKING TRAFFIC

The Port of Tórshavn has long remained the busiest in the Faroe Islands and the largest, too. The East Harbour container terminal is regularly used by cruise liners in the summer season, while the adjacent roll-on/roll-off terminal primarily serves ro-pax ferries, all in all generating a throughput of 400,000 domestic and international passengers per year. With container traffic, however, representing the commercially most important segment and the economic driving force, the total number of ship calls in all harbor facilities under the port amounts to about 2,500 per year.

"What many people don't seem to notice is that this port is in fact the number one passenger hub in the Faroe Islands," Mr. Hjelm said.

"Taken together, our domestic and international passenger throughput totals about 400,000 per annum."

Whereas fishing vessels, both Faroese and foreign including large trawlers, have long called regularly at the Port of Tórshavn, offshore support vessels working in the oilfields West of Shetland represent a relatively new business segment. These vessels started to arrive more recently to receive services ranging from repairs and maintenance to provisioning and supplies, partly in response to an outreach effort by a con-



CFO Annfinn Hjelm.

sortium of Faroese businesses including the Port of Tórshavn.

"In our harbors, we offer an unrivalled concentration of quality maritime services and expertise," Mr. Hjelm added. "The four harbor areas under the Port of Tórshavn are the best served in the Faroe Islands and the only ones in the country to be manned 24 hours a day, 365 days a year. For example, we have never experienced a close-down because of bad weather conditions."

While imports to the Faroe Islands are overwhelmingly shipped by container, the mode of transport for exports can vary from container to ro-ro to break bulk, usually depending on the mix of market, destination, product, and price. Lately the containerization trend has returned to the export business.

"We had a period, during the EU boycott of Faroese fish products, where exporters were using different modes of transport; but it looks like containers, once again, are now being used increasingly."

Meanwhile cruise tourism, having stayed relatively stable at 45-50 ship calls per year, is hitting 63 this year in result of an astronomical phenomenon—a total solar eclipse that would plunge the Faroe Islands into black night at high noon.

"We received as many as eight calls from cruise ships for the spectacular occasion of the solar eclipse on 20th March," Mr. Hjelm said.

"Apart from that very special event, the number of cruise ships expected to call at the port this summer is 55, which suggests an upward trend."

View of the East Harbour; Rendition of the House of Maritime Industry (opposite).



MARIA OLSEN



PORT OF FUGLAFJØRÐUR REINVENTS ITSELF

Partial view of the Port of Fuglafjørður.

Home to a thriving industry and more jobs than working-age residents, Fuglafjørður during 2014 received 850 ship calls—with 220,000 tonnes of pelagic catch landed for local processing and thousands of tonnes for cold storage.



Pelagic trawler landing to Pelagos, reefer vessel being loaded at Bergfrost.



Typical scene from Fuglafjørður with domestic and foreign vessels docking.

WITH THE COUNTRY's highest concentration of business activities related to pelagic fisheries, including the single largest industrial consumer of electricity in the Faroe Islands, the Port of Fuglafjørður last year (2014) received about 850 ship calls while expecting that number to increase further this year, largely owing to the recently opened Pelagos freezing plant.

The current phase of harbor development is set to enable key businesses to step up their activities in the months ahead. This includes 60 meters of deep-water dock being added to existing infrastructure to accommodate the needs of the giant Havsbrún meal and feed factory, at the same time clearing the way for next-door neighbor Bergfrost to increase its cold storage capacity.

Nearby, fishing gear manufacturer Vónin is building its new corporate headquarters and production hall for its pelagic department, while refueling facility

Faroe Bunkers has resumed business as usual following a period of disruption during the fourth quarter of 2014.

Nonetheless the port authority, the Municipal Council of Fuglafjørður, is looking to balance its priorities wisely, according to the mayor, Sonni á Horni.

"This town is one of the most productive communities in the Faroe Islands," he pointed out. "Fuglafjørður has just about 700 residents of working age, and as many as 900 full time jobs. Much of this has to do with the port business however it's also important for the Council to make the right overall priorities. Just as we cannot afford to ignore our economic mainstay, can we neither afford to disregard the big picture and the soft values—after all, the port is a remit of the Council."

That means town planning in the general sense of the word, including housing for the Council administration, remains integral to the equation.

some six years ago," said port director Rólant Højsted. "I would say this year is likely to see at least a similar level of growth. We had some 850 ship calls last year but that number would have been higher if it weren't for the temporary closure at Faroe Bunkers, which was caused by the bankruptcy of one of their international alliance partners. However they managed to find another company to work with and were up and running in January; so traffic to the bunkering facility is picking up again."

While ship traffic at Fuglafjørður has increased markedly as a result of Faroe Bunkers opening for business a few years ago, the traditional main point of attraction has been Havsbrún, although in recent years landings for industrial reduction have fluctuated in frequency and volume. With the launch of the new processing facility Pelagos last year, the number of fishing vessels landing their catch for local processing is clearly increasing again; its production output of 600 tonnes per day clearly presents challenges to logistics and infrastructure.

"With Pelagos there is a whole new level of synergy," Mr. Højsted said. "The fishing vessels can land part of their load to Pelagos and part to Havsbrún as appropriate; but much of the produce is transported out of town by truck, which puts a tremendous strain on the road system. Of course factory trawlers unload their frozen goods to the cold store and where there are any requirements in the way of fishing gear, that is covered as well, and the same goes for mechanics and electronics and all sorts of machinery and equipment, plus general supplies."

"We purchased a commercial building where we are going to host the administration and key functions—the offices had been squeezed for space for many years. By extension, the shop that owned the building we bought for the offices has built their new premises in the downtown area near the fishing harbor. At the same time have renovated the road infrastructure in that area as well with the idea to make it as attractive as possible for everyone."

As for culture, Fuglafjørður has a long tradition for hosting a good deal of music and fine arts.

"People appreciate such cultural expressions as choirs and music groups, and Fuglafjørður has always been one the leaders in this field," Mr. á Horni said. "We have several well-known painters and artists and all of this is part of what creates the magnetism of this place."

'NEW LEVEL OF SYNERGY'

Back in the port business, Fuglafjørður is recognized as one of the best natural harbors of the Faroe Islands, well protected and easily accessible throughout the year.

"The port's turnover has increased by 10 to 15 percent annually since I took office

Port of Fuglafjørður

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FO-530 Fuglafjørður

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Fax: +298 445 154

Port Director: Rólant Højsted

One of Europe's leading pelagic fishing ports with a comprehensive range of facilities and services.

More than 1,200 meters of total quay length; quayside depths range from 10 m to 14 m.

Excellent natural harbor, accessible in all weather conditions.

Facilities and services include, for example: Processing plant for pelagic food fish; fish meal, fish oil and feed processing plant; cold storage facility; trawl and purse seine net manufacturing and repairs; aquaculture equipment; electrical engineering; mechanical engineering inc. authorized Baader engineers (filleting machinery); hydraulics; provisioning; power supply; fresh water.

Bunkering: MGO, HFO, blends.

Mayor of Fuglafjørður
Sonni á Horni.



MARIA OLSEN

UP & COMING PORT OF CALL BOOSTS CAPACITY

The Port of Tvøroyri is ready for the next level, offering its services as a growing container port backed by a worldwide infrastructure—with a new port director, vastly improved facilities, and an eye on increasing international trade.

SOCIOECONOMIC progress experienced in and around the town of Tvøroyri since the launch of the Varðin Pelagic freezing plant a couple of years ago is seen to have manifold effects on port business and the local economy. As a further result of infrastructure development that has taken place during this period, the Port of Tvøroyri is now looking to present itself as a serious contender among other Faroese container ports.

A newly added deepwater terminal at the Fishing Harbor next to the Varðin Pelagic facility is making life easier for seafood exporters and importers of goods, as cargo handling has become more efficient with added capacity allowing for higher volumes. The 180-meter stretch of dock, 40 m wide, is sufficiently large to make room for almost 300 standard 40-foot containers at the time without disrupting operations.

“Apart from being a port of call for domestic and foreign vessels, Tvøroyri is now a container port in its own right with all the facilities needed for effective and efficient cargo handling,” port director Jón Bogi Guttesen said.

A former sea officer with the Danish merchant fleet and a maritime college teacher in Denmark and in the Faroe Islands, Mr. Guttesen, 35, was hired last year (2014) with a remit to help take the Port of Tvøroyri to the next level.

“This port is in a positive trajectory and we are determined to do our utmost in securing a sustainable advancement for it in the years ahead,” he noted.

In liaison with transport and logistics company Faroe Ship, the Port of Tvøroyri oversees shipments for exports to anywhere in the world, as well as handling import shipments.

Said Mr. Guttesen: “As a regular port of call for overseas container shipping, this port has become closely integrated with the international transport and logistics network associated with Faroe Ship owner Eimskip alongside alliance partners such as Maersk.”

Meanwhile the international trade perspective has grown increasingly prominent at Tvøroyri.

“We understand the Faroese Government is involved in ongoing trade negotiations with various countries including China,” Mr. Guttesen said. “A trade deal with China could become a new driving force for future developments in the Faroe Islands and may well have an impact on port business. Considering the growth in volumes which that could entail, we will need to further up the ante and accept greater responsibility. We’re ready to do our part and comply with all relevant regulations, domestic and international—we’ll see to that both import and export cargo is handled in the best possible way, helping to make sure that the goods retain their value all throughout the chain until arriving at their final destination.”

CHALLENGE

The port recently invested in a supply station for reefer containers for optimum temperature control to make sure the cooling or

freezing chain is never broken from the point of loading a container until the container has been placed on board the vessel.

With Varðin Pelagic’s new terminal hall, cargo vessels are virtually docked next to the cold storage facility, which also helps speed up charging and discharging, even in bad weather conditions.

With the freezing plant’s annual production of nearly 100,000 tonnes of seafood for export, the staggering volumes indeed call for high capacity in every sense of the word.

“The higher frequency of foreign ship calls has made us more experienced in dealing with a mix of ship traffic in our port,” Mr. Guttesen said.

“From being a reception point for a relatively large whitefish fleet, which nonetheless has shrunk in recent years, we now receive calls from fewer but larger vessels. This has

been made possible through our new harbor facilities.

“The pelagic fisheries are seasonal and during a certain period of the summer, ship calls are infrequent. This period offers an opportunity to do maintenance on vessels and facilities. This year two cruise ships are expected to call at the Port of Tvøroyri, and the hope is that in future we will receive more such calls. Apart from generating a certain amount of economic activity, these calls are also important for building local experience in the growing tourism business.”

While the number of ship calls remained at the 2011 level by year’s end 2014, the total tonnage has been quadrupled since then.

“As we face a growing level of activity the challenge is to make sure our services continue to meet the highest standards of quality.”



MARIA OLSEN

Port Director Jón Bogi Guttesen; View of the Fishing Harbor (opposite).

Port of Tvøroyri

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Port Director: Jón Bogi Guttesen

700 meters of dock sides with depths from 7 to 11 m alongside. Roll-on/roll-off ramp.

Pelagic processing; whitefish processing; cold storage; transport and logistics services; port agency; ship repairs; mechanical, electrical engineering; marine electronics; fuel, power, provisioning, fresh water; customs office; immigration office; local hospital.



LINKING THE NORTH ATLANTIC FOR 32 YEARS

With the re-launch of Smyril Line Cargo, the owners of RoPax ferry M/S Norröna have brought the freight service associated with the ferry back under Faroese control, reintroducing the seafood-friendly 'rolling cargo' advantage.

Smyril Line Cargo

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Managing Directors:
Halgir Dahl Olesen
René Dahl Olesen

Smyril Line Cargo is the only freight forwarding company offering a Ro/Ro service between the Northeast Atlantic island region and the European Continent.

Our modern Ro/Pax ferry Norröna has a capacity of 130 trailer units and runs between the ports of Seyðisfjörður, Tórshavn and Hirtshals.

M/S Norröna operates at a speed of 21 knots.

Smyril Line Cargo offers bespoke solutions for freight including management of export/import processes that combine multiple modes of transportation as appropriate—road, sea, air, rail.

- Reefer transport for food industry clients — for example, chilled and frozen foodstuffs by sea, road, rail and air.

- Airfreight and courier service via worldwide network of logistics partners.

- Port agency services.

MUCH WATER has passed under the bridge since 2003 when the Faroese received the magnificent roll-on/roll-off passenger ferry Norröna as a newbuild from Germany's Flender Werft in Lübeck. The fast-moving vessel changed shipping realities in the Northeast Atlantic island communities, in particular the Faroe Islands and Iceland, as a new connection to the European Continent was established. Importantly, apart from offering destinations for cruise tourists from different countries, via Denmark to Faroes and Iceland—and from the Faroe Islands to Denmark and Iceland—the Norröna gave Faroese and Icelandic exporters a valued alternative route and means of transport.

Fast forward a decade. Following a review of earlier arrangements for cargo—in effect this function of the ferry had been outsourced to a Danish freight forwarder—owner and operator Smyril Line decided to relaunch its Cargo division, this time as a distinct, subsidiary company.

Today Smyril Line Cargo is busy signing up clients, primarily seafood exporters looking for the optimum transport especially for chilled goods such as, for example, fresh



MARIA OLSEN

Unloading RoPax ferry Norröna in Tórshavn;

Lef to to right, managing directors Halgir Dahl Olesen and René Dahl Olesen (below);

Norröna berthed in Tórshavn (opposite).

portions of salmon or fresh fillets of whitefish.

“This service offers the fastest and safest way by sea from the Faroes and Iceland to Continental Europe,” said managing director René Dahl Olesen. “So we're keen to introduce our freight service in the marketplace to help make sure seafood exporters in this part of the North Atlantic get the opportunity to make use of the best seaborne transport and logistics service available.”

Mr. Dahl Olesen pointed to the advantage offered by ro/ro cargo and the combination of factors that give the M/S Norröna freight service an edge as it covers the triangle that joins Seyðisfjörður in Iceland, via the Faroese capital Tórshavn, with Hirtshals in northern Jutland, Denmark.

“For fresh seafood in transport, time is of the essence. You want to avoid seeing the value of your cargo reduced unnecessarily because of delays or because of damages caused by any unwanted exposures, shocks or bumps. With our service you are well protected against such risks—the ferry operates

at a service speed of 21 knots, the cargo is kept secure in reefer trailers, stable and steady on wheels, all the way from dispatch to delivery. The cargo is not subjected to crane hoisting, nor is it transferred from one unit to another. The dimensions of our trailers are optimized for pallets to make sure the cargo remains fixed in its place once loaded into the trailer. We cannot control the weather but overall, this combination is the safest bet against any unpleasant surprises and, as such, the most cost-effective way of transporting fresh seafood.”

FAROESE-CONTROLLED

As the only freight forwarders to offer ro/ro services in the North Atlantic region spanning from Iceland and the Faroe Islands to Denmark, Smyril Line Cargo is looking to utilize the unique opportunity presented through the Norröna's capacity of 130 trailer units. The company offers transport services and solutions to and from this region by air and sea.

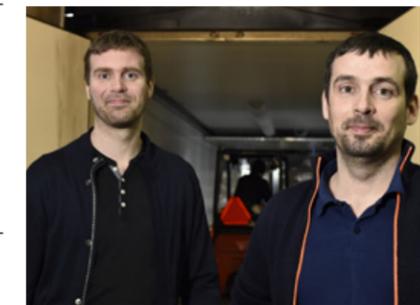
“We have many years of experience in temperature controlled transport,” Mr. Dahl Olesen said, “in particular by sea and road but also by rail and air. Several of our offices and overseas partners have been established with a view to offering reefer transport to food industry clients. This enables us to offer a comprehensive solution based on the particular needs and requirements of our customers, using the most time efficient and cost effective means of transport available, whether it's by sea, land or air, or a combination. For example, when it comes to exports of fresh farmed salmon we offer to take the cargo by road from the fish processing plant to the Norröna, whereby it's transported by sea to Denmark, and from there by road to any international airport in Europe for airfreight to North America, Asia or any other destination worldwide.”

For many people in the Faroe Islands, the renewed effort to promote a viable, Faroese-controlled overseas

transport service is welcome, considering market developments in recent years, which have seen entities traditionally owned by the Faroese acquired by foreign ones.

“Many consider this to be an issue of strategic importance,” Mr. Dahl Olesen said. “I think most of us agree that island nations dependent on exports and imports need to make sure they have reliable and well functioning freight links that they control themselves.”

Mr. Dahl Olesen is joined by his brother Halgir Dahl Olesen in the executive role at Smyril Line Cargo. Halgir's background in the port agency business comes in handy as part of the company's new marketing plan includes that segment, too.



MARIA OLSEN

With the Faroe Islands strategically located to provide services for international vessels—and the country’s total cold storage capacity soon to exceed that of Iceland—cold store Bergfrost looks to scale up its capacity to 25,000 tonnes.

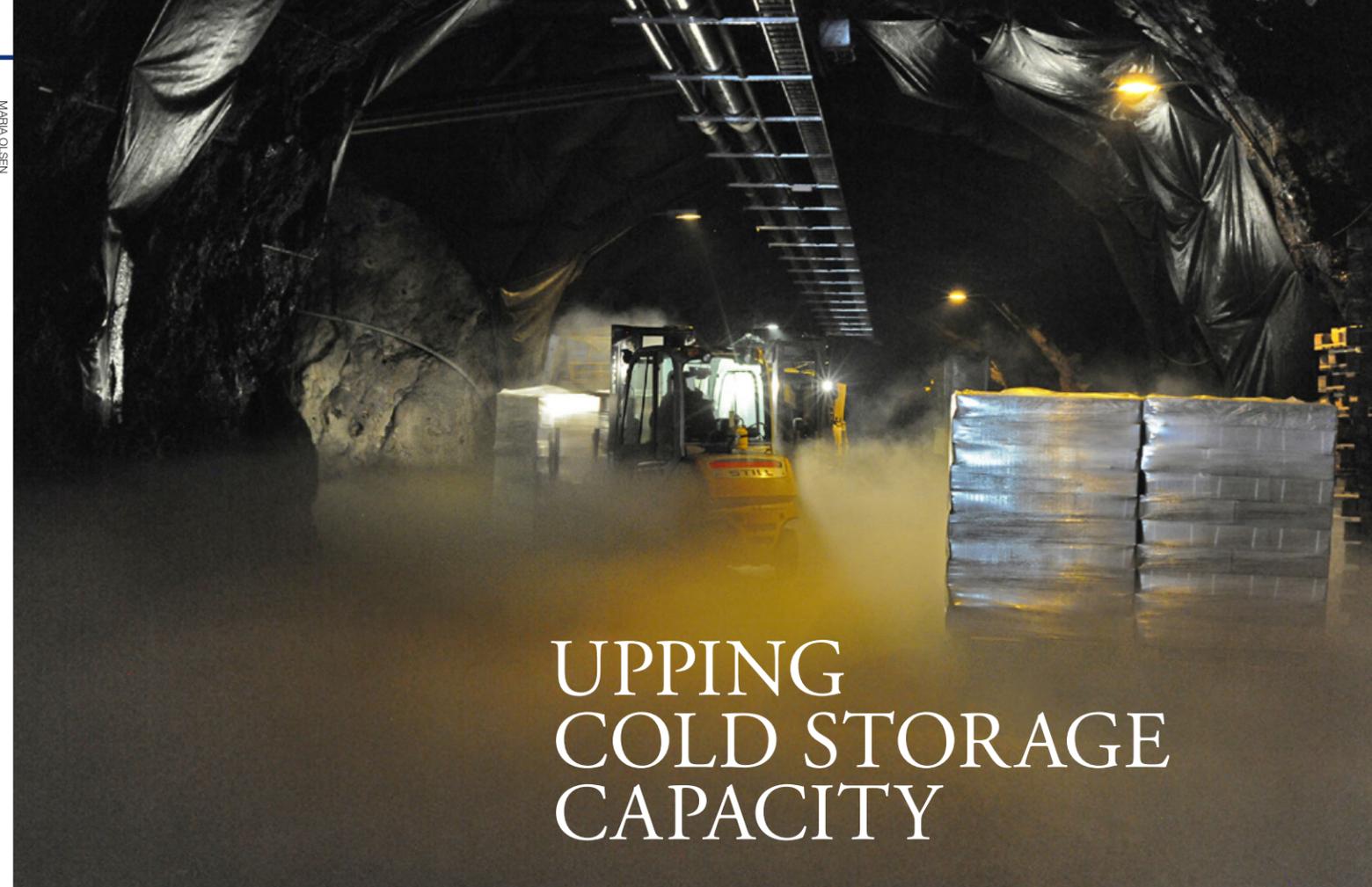
IN A TUNNEL complex situated right at Fuglafjørður’s fishing harbor, the Faroe Islands’ largest cold store is packed to the roof with frozen produce. There is a fair amount of turnover with goods going in and out of the facility on a daily basis; however for the time being, the space squeeze seems all but permanent.

The booming pelagic fisheries around the Faroe Islands have generated new business for many, including cold stores such as Bergfrost. Indeed since the neighboring freezing plant Pelagos opened last summer (2014), Bergfrost has had to turn down a growing number of clients for lack of available storage space.

The surge in demand has made the acquisition of additional storage capacity a top priority, according to Bergfrost managing director Símin Pauli Sivertsen.

Only a couple of years ago, the facility had a technical upgrade along with a significant capacity extension to enable it to store 16,000 tonnes of frozen goods compared to 7,000 tonnes previously; but that was before the arrival of the freezing plant next door.

Mr. Sivertsen said that the cold store can be further expanded inside the tunnel complex by taking over the three remaining tunnel branches which are still not part of the facility and which are currently being used for dry storage by another tenant—a plan that will almost double Bergfrost’s cold storage capacity.



UPPING COLD STORAGE CAPACITY

Placing goods into one of the tunnels for cold storage.

“We have reached an agreement with the owner and the tenant regarding our purchase of the last three tunnels and are in the process of working out the final details of it,” he said. “I hope we’ll be able to proceed within the coming months, and we understand the main issues pending are being resolved as part of the harbor development that is taking place this year. The sooner that work is completed, the sooner we’ll hopefully be able to take over the tunnels and integrate them with the cold store. This will mean a whole lot for our ability to serve our existing clients and new ones as well—this will certainly make a difference as our storage capacity will be extended to at least 25,000 tonnes.”

‘ONE OF THE SAFEST’

Mr. Sivertsen believes the Faroe Islands has a competitive advantage as a geographic location when it comes to providing services for an international clientele of fishing vessels—and with the country’s total cold storage capacity today on par with that of

Iceland, at approximately 70,000 tonnes, the groundwork is being laid to attract more international business.

“As a country we already have a competitive edge because of our location along major shipping lanes in the North Atlantic. The problem right now is that our total cold storage capacity of about 70,000 tonnes doesn’t leave much room for further growth in this sector. The booming pelagic fisheries have had a huge impact and worked as a catalyst. Now additional capacity will doubtlessly make things easier—after all, we must expect some volatility in the fisheries and in the long run we cannot rely only on the domestic market. Apart from that, managing logistics in the optimum way will still be one of the key challenges.”

With a handful of fairly large cold storage facilities scattered around the islands, there is a certain level of domestic competition.

A significant proportion of the market, however, is international—foreign vessels calling at Faroese ports.

“The real competition is the large facilities in Continental Europe, in places like Rotterdam,” Mr. Sivertsen said. “For us to be able to offer a viable alternative, we need high capacity—high volumes of storage means low power consumption per tonne of stored goods. I think we’ll be quite competitive and the way this cold store is insulated by mountain rock is an advantage in that respect. We’ll be in the top international league and our storage capacity will be high enough to meet the requirements of some of the clients that we’ve had to turn down; in fact we’ve stayed in contact with several of them over the last couple of years. Many Russian shipowners have expressed their interest and there are also, for example, Icelandic, Greenlandic, Irish and Scottish trawlers that call at the Port of Fuglafjørður ever so often.

“So instead of having all this frozen fish moved down to say, the Netherlands for storage before final processing, we can store some of it in the Faroes. Operationally, our facility is one of the the safest in the world.”

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Managing Director:
Símin Pauli Sivertsen
Storage Manager:
John Simonsen

With a total cold storage capacity of 16,000 tonnes, Bergfrost is the largest and safest cold storage facility in the Faroe Islands.

We are currently working on plans to expand the facility up to a total storage capacity of at least 25,000 tonnes.

Services:
Cold storage and warehousing; logistics management and associated services including, for example, discharge and transportation of goods, customs clearance, shipment related paperwork; EU Border Inspection Point (BIP).



Unloading a freezer trawler.



Stored frozen goods.

Managing Director
Símin Pauli Sivertsen.



OPENING DOORS FOR MORE SHIP'S OFFICERS

Vinnuháskúlin

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Managing Director:
Wilhelm E. Petersen

The Centre of Maritime Studies & Engineering (Vinnuháskúlin) is the Faroe Islands' official maritime school. We offer government-approved training programs including:

- Skipper
- Master of Navigation
- Engineer 2999 KW
- Engineer Unlimited

We also offer a growing range of shorter courses for maritime professionals.

Vinnuháskúlin fulfils the STCW requirements. Our courses are internationally recognized and provide career opportunities worldwide.

Our laboratories are equipped with the latest technology including state-of-the-art bridge simulators.

New students are accepted in August and December. For the August course the closing date for applications is June 1st. For the January course the closing date for applications is December 1st.



Adjustments are underway for the Faroese nautical school to streamline the existing ship's officer trainee system and reduce seafaring experience requirements, meanwhile adding more oil and gas related courses.

LIMITED ACCESS for young people seeking a career as navigation deck officer has long been a subject of concern in the seafaring nation of the Faroe Islands, as well as in many other countries for that matter. Whereas often the problem is finding a shipping company that is able and willing to cooperate in the process of building seafaring experience for young cadets, in the Faroe Islands people have so far generally had little problem persuading skippers to take them on board. Problem is, the old Faroese trainee system for navigators is fast getting out of step with today's need for time efficiency—it requires an excessive 36 months of seafaring experience to be combined with nautical school to complete the training.

So how about reducing that requirement to, say 12 months instead—more systematically coordinated experience, that is, as opposed to the more generic 'catch-all' variable of seafaring?

According to Wilhelm E. Petersen, managing director of the Centre of Maritime Studies & Engineering (Vinnuháskúlin), this is exactly what has been discussed lately in the Faroe Islands, with a definite outcome.

"There is a general consensus in the Maritime Training Council as well as in the shipping industry that we should act now and bring this system into alignment with today's realities," Mr. Petersen said. "Fortunately we have a program in place now that is ready for implementation."

The change will greatly enhance career opportunities, not least because of the sig-



MARIA OLSEN

nificantly reduced amount of seafaring experience required for trainees.

"In essence," Mr. Petersen said, "we have streamlined the system according to international standards, in particular in line with the official Danish maritime training programs. This means navigation deck officers will now be required to undergo 12 months of seafaring experience as part of their curriculum—rather than 36 months, which has traditionally been the requirement."

"In the case of marine engineers," Mr. Petersen said, "the current requirement of six months of seafaring experience to go along with engineering school remains in place. However, other adjustments and updates are being considered."

The change in the requirements on seafaring experience for navigation training, meanwhile, could prove highly significant from several perspectives, including socio-economically.

TIME FACTOR

"Overall this change will make our courses more accessible for more people and, as such, will open up new international career opportunities. Another aspect of interest is that the reduced time requirement for seafaring experience will likely attract more female trainees into the world of marine navigation. The impression is that with the old system, many people could not undergo the trainee program because the 36-month experience requirement has more and more come to be seen as an entry barrier. In effect, as a resource, time has become scarcer in modern life and careers have become much more fleeting; you cannot expect people to be willing to commit to very large amounts of time before making important career choices. So by reducing that requirement we believe we will make this career path more gener-

ally accessible in the belief that once people have completed the training, it will be somewhat easier for them to make a conscious choice for a seafaring career."

To enable such a change without reducing the quality of training programs, special coordination between the schools and those who provide the seafaring experience have been necessary.

"This is very much about making good use of time," Mr. Petersen said. "The old approach went along the lines of, make sure the person gets a large amount of experience at sea and so all the necessary learning will inevitably be covered during that time. Now that approach may have worked for many years but it wasn't very time efficient because there was no real coordination with the training program—it was generic experience, which is all well and good, except for the fact that nowadays you need to

Managing Director
Wilhelm E. Petersen;

Many Faroese ship's officers work on merchant vessels (opposite).

be selective and conscious about how much time you spend on the various aspects of your career. So the solution here was introducing specific and well organized coordination of all elements of the training programs in question. We believe many people will appreciate this adjustment."

OFFSHORE INDUSTRY

Other changes in the business environment are reflected in the fact that today's Faroese pool of up to 2,000 ship's officers are no longer merely following the tradition of working, primarily, on fishing vessels and, secondarily, on merchant vessels such as container ships, tankers and ferries—the growing proportion of the officers now in the merchant fleets are to an increasing extent working on support vessels serving the offshore oil and gas industry.

"The offshore energy business is fast becoming a sizable part of the Faroese economy as witnessed in the demand for training related to, for example, HSE [health, safety, environment]," Mr. Petersen said.

Courses in Dynamic Positioning navigation is another example of the same trend—the general direction toward the offshore energy industry. In late April, the Centre of Maritime Studies & Engineering received approval from London's Nautical Institute as an accredited provider of DP courses in accordance with industry standards.

"This is an important step and we are very pleased with being Nautical Institute accredited to offer certificate courses in DP," Mr. Petersen said. "These courses are being offered to meet the increasing demand in particular from the offshore industry."

TAKING CARE OF EVERYDAY TASKS

Alongside catering, garden management and more, cleaning and food service provider PM Pluss has the most diverse workforce in the Faroe Islands to help industry and institutions make sure their environments are safe and fresh.



MARIA OLSEN

Managing Director Eyðfinn Davidsen; Food service (bottom right); Industrial cleaning (bottom left); PM Pluss premises (opposite).

A FEW YEARS AGO Poul Michelsen Ltd (PM), a Faroese wholesaler with many years of experience, opted to expand its business with emphasis on cleaning and food service in a bid to realize synergies and increase competitiveness. An existing company with a special focus on that particular area of business was acquired and named PM Pluss.

The project turned out a success and today PM Pluss employs over 100 people—likely the most international and culturally diverse workforce in the Faroe Islands, representing about twenty nations. The company serves a wide range of business and institutional clients, from seafood producers and shipping companies to various service providers.

Many canteens around the islands receive supplies and support service from PM Pluss on a daily basis. The company's close collaboration with PM—which remains a leading importer and distributor of fresh foods—provides access to an infrastructure that is well established and well functioning.

PM Pluss has service contracts with the Faroese salmon industry and most of the on-shore whitefish and pelagic industries as well, making sure their seafood manufacturing machinery is kept clean in accordance with the highest international standards.



“We work in three main markets: food service, industrial cleaning, and commercial cleaning,” says managing director Eyðfinn Davidsen. “Our clients have diverse needs and we customize our service contracts to suit their requirements.”

While some clients require work meals for their employees, others just need cleaning of their premises; still others have their canteens supplied and cleaned as well.

“Combinations vary,” Mr. Davidsen says.

‘ENDLESS POSSIBILITIES’

“The possibilities in our business concept are virtually endless,” he adds. “In a way it's very modular—as a client you may pick one thing, combine it with another, or opt for a comprehensive solution, whichever best suits your particular situation. That means our job also includes an initial analysis and ongoing assessment of your needs and requirements. In fact the variables are countless because we don't limit ourselves to cleaning and catering only. There are quite a number of routine tasks that owners and managers would like to outsource and in some cases we take them on. We receive many queries and we're not afraid to think outside the box—our diverse workforce is an important asset in this respect.”

The PM Pluss services portfolio even encompasses business development in conjunction with public schools when it comes to food services, for example.

“One of the schools was interested in a pilot project prior to deciding whether to introduce school meals on a permanent basis. The school has no canteen but the pupils are given the option to order sandwiches and other lunch items, and of course we are able to deliver it daily.”

Speaking of education, PM Pluss even operates Faroese language classes, primarily aimed at helping foreigners get up to speed with their communication skills.

“The language courses were initially intended for our own employees but soon people working elsewhere also joined in,” Mr. Davidsen says. “We identified



a need that had remained unaddressed for quite a while, and people have come to appreciate it very much, as it makes a huge difference for many—the employees themselves, their families and colleagues and of course the employer. As language barriers are removed the business grows more efficient and effective.”

SPECIALISTS

“The range of situations where our services can be useful has in fact proved much wider than expected.” Mr. Davidsen adds, referring to an incident where PM Pluss was asked to offer special assistance after a fire occurred on board a ship.

“We have people with the relevant language skills and, working with external specialists as well, we are able to

help by way of cleaning up and surveying after, for instance, a fire damage on shore or on board a ship.”

Garden management also represents a significant part of PM Pluss business activities.

“Many businesses and institutions have gardens and these need to be tended. We consider garden management a natural extension of our cleaning, catering and support services and it also makes perfect sense working with the PM wholesale business. Obviously the garden can be extremely important for the visual impression of any building and in order to keep it healthy and tidy, it has to be tended on a regular basis.”



PM Pluss

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Managing Director:
Eyðfinn Davidsen

PM Pluss provides food service, industrial cleaning and commercial cleaning.

We offer catering, food supplies, and operate/supply canteens for business clients.

Additional services include garden management and bespoke services related to places of business.

PM Pluss collaborates closely with its owner Poul Michelsen Pf (PM), a leading wholesaler and provider of fresh and refrigerated foods for the retail and food service market in the Faroe Islands. Also ship provisioning for vessels calling at Faroese ports.

PM facilities include 5,200 square meter warehouse for dry and temperature controlled storage and an advanced distribution network with a fleet of 14 modern transport trucks.

MEST SHARPENS FOCUS ON OFFSHORE ENERGY SECTOR

The MEST shipyard and engineering group is staking its claim in repairs and maintenance of oil and gas-related assets, complementing business for the fishing industry with work on offshore support vessels, oil tankers and oil rigs.

LAST YEAR (2014) brought significant developments for MEST, the Faroese shipyard and engineering group. Regardless of the company's many decades of experience in shipbuilding and repairs, the year produced critical client references that will likely prove useful for what has been identified as the company's new market focus: the offshore energy industry in the Northeast Atlantic. In other words, offshore rigs and offshore support vessels in the North Sea and elsewhere in the relative vicinity of the Faroe Islands—even large tankers—are now part of MEST's targeted business sectors, alongside the Faroe Islands' domestic fleet of primarily fishing vessels.

Underpinning this new reality for MEST is an ongoing flow of business activities that includes last year's successful repair work on oil rig West Hercules as well as on oil tanker Maersk Edgar, two very different items yet both were firsts and as such both were tests passed convincingly. The vessels were repaired in the Skálafjord, the longest fjord of the Faroe Islands, where two of MEST's five business units are located: the Skála shipyard and the Runavík stainless steel workshop. While the medium-sized tanker could be worked on while berthed at a wharf, the giant rig was fixed a hundred meters or so away from the shore using advanced Dynamic Positioning (DP) technology.



JÁKUP Á LAG



JÁKUP Á LAG

The clients expressed their full satisfaction with the work delivered by MEST, according to CEO Mouritz Mohr.

"These were landmark jobs," he said, "as we have been looking to strengthen our portfolio in exactly these fields. For sure, over the years, through our subsidiary PAM Offshore we have worked extensively on large structures, in particular oil rigs—that is, strictly in the role of providing skilled manpower to overseas yards and doing repairs and maintenance in that capacity, as opposed to managing anything. This time it's different in that we are the ones who take on the orders and manage the whole process through and through, of course in close collaboration with our clients. So we are very pleased that the clients have indicated that they are fully satisfied with our performance, not least the quality and speed of the work. Now this means we have new references with direct relevance to the kind of projects we're looking for to further expand our repairs and maintenance business."

Thus with a growing list of references as well as an expanding network of international business contacts in the offshore energy industry, MEST, according to Mr. Mohr, are expecting to book more work on offshore support vessels while at the same time hoping to see more oil rigs and oil tankers brought to the Faroes for repair or maintenance.

ROOM FOR MORE

Acting accordingly, the company recently hired Richard Mortensen for sales and marketing manager. A former business executive and management consultant with extensive international experience including a decade as associate partner with PA Consulting Group, Mr. Mortensen, who joined the company in January this year, remains eager to apply his skills and experience to shipyard marketing.

"I like this environment," he said. "It's very tangible and focused on clarity in most aspects of the core business. Part of my remit is to translate some of that clarity into some of the processes of communication, which to me looks like an exciting opportunity and challenge. We are going to be more proactive in our approach to market engagement."

Research and feedback from prospective clients has prompted an investment with the purpose of improving the dry dock of the Skála yard, where a modification to the dock floor will make room for more types of vessels, in particular vessels with large anchors.

"In the late summer we're going to install a four meter deep, five by six meter wide Azimuth pit on the dock floor at Skála," Mr. Mohr said. "This will make our dry dock more attractive to many offshore support vessels."

Headquartered in Tórshavn, MEST today employs 150 to 180 people. The yard in Tórshavn is equipped with two slipways, a 200-meter dock side, two construction halls, and mobile cranes. The Skála yard has a slipway and a dry dock, a 400-meter dock side, a construction hall, and mobile cranes.

The five business units that together make up MEST each have their own history with the two oldest, Vestmanna and Skála, respectively, dating back to the late 19th and early 20th century; Tórshavn came in the 1930s, Runavík in the mid 1980s, and PAM Offshore in the late 1990s.

As of July 2014, MEST is owned by Krúnborg, the former fishing company, with Mr. Mohr holding a 10-percent share.

The West Hercules undergoing repair work in the Skálafjord during 2014 (below);

CEO Mouritz Mohr (opposite bottom);

Faroese fishing vessels on the two slipways in Tórshavn for repairs and maintenance (opposite top).



MARIA OLSEN



MARIA OLSEN

Right to left: CEO Frimodt Rasmussen with Sofus Gregersen, Sales and Development.

KLAKSVÍK YARD ON GROWTH TRAJECTORY

Backed by dealerships in marine equipment such as Ibercisa and Caterpillar and with a renewed focus on service, Klaksvík's repair yard KSS is experiencing rapid growth under the management of co-owner Frimodt Rasmussen.

REPAIR YARD KSS is quietly reasserting itself as a force to be reckoned with in the maritime services sector. With changed ownership and a young and energetic new management team, Klaksvík's 87-year old landmark has recently become the scene of increasing business activities, not least manifest in that its number of employees has tripled over the last four years.

Other signs of the yard's renewed strength are seen in the fact that beyond repairs and maintenance work for a wide range of vessels, KSS are now more frequently booked for conversion projects on domestic and foreign vessels alike. Furthermore, KSS

has entered the business of deck machinery as sales and service partner of the Spanish winch maker Ibercisa for the Northern region, offering state of the art electric winches for demersal and pelagic fishing. This year two of Denmark's newest top-of-the-line pelagic trawler/purse seiners will both be fitted with variable-frequency driven electric winches from Ibercisa.

Notably, the VFD-powered winches offer serious advantages in the way of savings through low energy consumption and low environmental impact, aside from excelling in ease of use. "We have experienced very positive feedback from people who have

Partial view of the KSS yard.

opted for Ibercisa's products," said CEO Frimodt Rasmussen. "I'm talking about clients from the Faroes as well as from other countries. As Sales and Service Partner for Ibercisa winches in the Faroes, Greenland, the UK, Ireland, Denmark and Sweden, we are of course keen to promote these products. Now as a result from the enthusiastic reception that they've been met with, we've become very busy installing them."

The core of the KSS business, however, remains much the same as earlier, Mr. Rasmussen affirms. "We supply a range of services and products for all types of ships," he said. "The focus is on creating value through quality work, quality service and quality products. We are open 24 hours a day, seven days a week, and we are mobile—whenever, wherever you need our services, we'll find a way to help you out, directly or through subcontractors."

As well as winches, KSS supplies motors, pumps, filters and a host of other equipment and materials including steel in various shapes and forms. Located next to the Kósin fish processing plant, the company has its own 140-meter dockside, a 1,500-tonne capacity slipway with a length of 65 m, plus a large, well-equipped machine shop brimming with the latest technology.

TRAINED ENGINEERS

Apart from its onsite facilities, KSS offers a service that is truly mobile.

"We have a team of experts who travel across the country and overseas as well to do maintenance and repair work," Mr. Rasmussen said.

"Whether your vessel needs general maintenance or special repairs, we're always ready to send a team of experienced people who not only know how to fix minor issues but who are very capable of managing larger projects."

KSS client vessels include large and small fishing vessels, offshore support vessels, car and passenger ferries, yachts, bulk freighters, and workboats such as tug boats and fire boats.

Locally known as 'The Slipway', the origins of KSS date back to 1928. After surviving and thriving over a period of six decades, the company was hit hard by the financial meltdown of the early 1990s. Over the years



that followed ownership changed twice, last time in 2011, when Mr. Rasmussen together with others made a successful bid on the shares. With a background as a marine engineer and in the offshore support business—he was a technical supervisor at vessel owner Thor before joining KSS—Mr. Rasmussen was offered the company from the previous owners, who wanted to retire.

Today KSS employs 50 people compared to 16 back in 2011.

KSS became a sales representative and service provider for Ibercisa in 2014—covering winches and drums for fishing vessels, offshore support vessels, and other marine vessels.

"Winches and drums is like a whole world of its own," Mr. Rasmussen said. "They're categorized under fishing, offshore, and tug, and include trawl winches, top line winches, sweep-line winches, cod-end winches, anchor winches, net drums, mooring winches, stoppers, power blocks, to name some."

Other dealerships and agencies of note include, for example, Caterpillar Marine, with a license to sell original Caterpillar parts and provide service for vessels with Caterpillar engines. Another example is MAK marine engines, a renowned German brand, now owned by the Caterpillar group.

KSS engineers are trained to overhaul both Caterpillar and MAK marine engines.

Sales and development officer Sofus Gregersen, added: "Above all, KSS has gained much strength thanks to the successful way our backgrounds and experiences are being combined."



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CEO: Frimodt Rasmussen

KSS is a well established repair yard offering comprehensive solutions for maintenance and conversion projects on marine vessels.

Our slipway can lift vessels up to 1,500 tonnes dead weight and up to 65 meter LOA. 140 m dock side allows for maintenance and repair work to be performed on large vessels. Spacious machine shop has state-of-the art tools and equipment.

Our team of experts travel around the Faroes and abroad to do maintenance work.

Rentals: boats, lifts and other specialized equipment

Sales and Service partner for IBERCISA in the Faroe Islands, Denmark, Greenland, Sweden, United Kingdom and Ireland

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HS Marine Cranes
International Paints
Baldwin Filters
Stenhøj/Espholin Compressors
Vickers Hydraulic
Wencon
Evac
HS Marine

Torch cutting in the machine shop (left);

Longliner Klakkur on the slipway (right).



BUDDING

Entrepreneurs

Daring to dream big amid concerns of brain drain, today's Faroese creatives see potential in their cultural heritage—a consideration of the creative economy of the Faroes through the prism of Faroese film.

By TORFINNUR JÁKUPSSON

IN THE PUBLIC EYE of Faroese society, this electoral year of 2015, there is no shortage of political issues up for debate. The economic policy discussions are certainly among those. Of particular interest to myself is focusing in on the creative sector of the economy.

When it comes to the interplay between industry and public funding in the Faroe Islands, the past two decades have brought

about hefty dialogue about its merit. And today, there is a cultural climate change attached to the creative currents of the Faroes. An area of considerable importance to the future economic landscape is namely the rise of the creative as entrepreneur.

Historically, the Faroese have always been used to cultivate and capitalize on natural resources and raw materials available. Today, they are able to outsource a fair

bit of the old ways of doing things, allowing for the emergence of new businesses that perhaps previously were disregarded as feasible ventures.

We can include a host of creative industries in this debate, defined in the UK Government's Creative Industries Economic Estimates of January 2015 (see gov.uk) by the Department for Culture, Media & Sport (DCMS) as: "those industries which have

their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property." According to the DCMS, the growth of the creative industries in the UK was three times that of the wider economy in 2013. In the context of this article, however, these industries should be understood in their national frame of reference.

Greta Svabo Bech with Benjamin Petersen during a live performance at the Nordic House in the Faroe Islands.



Film critic Birgir Kruse.

Thanks to the immediate global access of the Internet, the modern Faroese creative is a factory in and of themselves with business headquarters of unlimited reach that can be housed in their pocket. Regardless of the remote location of the Faroes, you can be anywhere and speak with anyone at any time to develop and sell your goods and services. If anything, the remoteness and tempestuous climate of the Faroes could be argued to help incubate a certain entrepreneurial fighter spirit. The Faroese are certainly used to unpredictable forecasts.

PARADIGM SHIFT

The rise of the digital age and the cultural changes that have occurred over the past two decades are quite astounding and have made today, as well as the future, an incredibly exciting time to be an entrepreneur—not least a Faroese one, as many of the things emerging elsewhere still remain unexplored here. And today the fear of failure seems to be less of a deterrent; we're more willing to take a chance on new ideas.

It wasn't so only two decades ago. In fact, it was a very different landscape in an economy which experienced an all-consuming crash in the early-to-mid '90s with record unemployment figures then hitting over 20%—these now stand at 3.5%. It is safe to say the past two decades have seen quite a significant change for the better, and

that includes the conditions for the creative industries.

In the aftermath of the financial collapse, it was not uncommon that pursuing your creative dreams was deemed more of a hobby than a worthwhile effort at a paying job. It wasn't taken that seriously as a viable profession—and there is a good reason. The creative industries of the Faroes, competing on a global scale, are seemingly too small to even try and test the waters. Although many still hold this assertion, a paradigm shift has occurred.

Today, with the emergence of an increasing number of entrepreneurs along with the return of well-educated creatives from abroad, the debate focuses more on how new competitive industries can be established and exported at a profitable return. Here, it should be noted that the creative industries are not only to be seen to have economic relevance in a national context, but they also increase regional appeal, providing a sort of rural regeneration, built upon the pillars of cultural heritage, if you will. The varied Faroese music festivals are a prime example of this, as evidenced by rising figures of local inhabitants and the impressive international interest these garner from global media outlets, such as the Guardian and the New York Times, as well as the tourism industry.

There is no doubt the cultivation of local creative talent has proven successful over the past two decades. Now, the time has come to try and capitalize on it. We're seeing an increasing number of creative businesses and individuals today (established as well as up-and-coming), designing computer games and mobile apps, establishing fashion labels, collaborating on international arts projects, building studios, and the list goes on. There is no shortage of ideas or enthusiasm, and the paradigm shift is helped by increasingly 'democratized' technology.

MUCH-NEEDED BOOST

Faroese film is one of the aspiring creative industries. Even though it is still to be considered sophomoric at best, the history of film on the Faroes goes all the way back to the beginning of the 20th century, as pointed out by one of the leading authorities on Faroese film, Birgir Kruse.

The first known film recording made on the Faroes (viewable on dfi.dk) was of Frederick VIII, King of Denmark, in 1907,

by Danish filmmaker Ole Olsen, who the year prior founded Nordisk Film (US affiliate: Great Northern Film Company), now the oldest continuously active film studio in the world. The Faroese National Heritage Museum houses a significant amount of such early recordings and more made throughout the years.

"In fact at one point in time the Faroes hosted thirteen various film theatres," Mr. Kruse noted.

So there seems to be no lack of appetite for film on the Faroes, yet for most of its film history, the Faroes have acted as the backdrop for foreign film productions.

"Without funding or a real industry, Faroese filmmakers have thus far relied on Nordic collaboration, where foreigners have often taken the lead," Mr. Kruse said.

Since its establishment in 1984, the national Faroese public service broadcaster Kringvarp Føroya (KvF) has made few attempts at filmmaking. Now, there is a call for a dedicated drama department to encourage more original production in the Faroes and for more of the current output to be commissioned to freelance filmmakers.

Said Mr. Kruse: "The time has come for KvF to prioritize fiction on the agenda, whether that be short or long form. Or why not a zeitgeist series, which, on a public service premise, brings into focus the full spectrum of the nation, based on contemporary stories by our active writers working with our skilled new directors."

The other main public players of Faroese film today include the Ministry of Education, Research and Culture (MERC), the film workshop Klippfisk along with the capital's cinema, Havnar Bio, and the Nordic House.

Recently, a dedicated Faroese Film Fund was introduced, awarding annual grants—in 2015 up to 700,000 DKK—and this has provided a much-needed boost. Even though the amount itself is microscopic on a national production scale, it can be considered a well-fought victory for Faroese filmmakers.

Earlier this year, the Fund received 36 applications for a total of close to 10 million DKK, which puts things into perspective. The grants could well increase in the coming years.

According to KvF, the issue remains a lack of funds to support significant policy changes. Here, parliament has a chance to



Writer/director Katrin Ottarsdóttir.

take a new stance on the priorities of the public service contract with KvF. Meanwhile, several Faroese filmmakers choose to do more commercially focused productions—in fields such as narrative advertising—in collaboration with business partners in the private sector.

BEATING HOLLYWOOD AT HOME

One of the pioneers of Faroese filmmaking is writer/director Katrin Ottarsdóttir, who released her first feature—and concurrently the first professionally produced Faroese feature ever—'Atlantic Rhapsody' in 1989. She has since released a further two, 'Bye Bye Bluebird' in 1999 and 'Ludo' in 2014.

Consistent in her work is the focus on showcasing the skills of a Faroese cast as well as a unique Faroese setting. However, the opportunities for funding and gathering an experienced Faroese crew have not always

Still from 'Bye Bye Bluebird'.



BLUE BIRD FILM

BLUE BIRD FILM

BLUE BIRD FILM



MARIA OLSEN

KÁRI SVÆRRISSON

IF YOU'RE in need of a name to remember when it comes to the Faroese music scene, make sure to make a note of Kári Sværriðsson. As a musician and multi-instrumentalist, singer, songwriter and composer, Sværriðsson is a prime example of exceptional Faroese talent.



As a central figure of Enekk, one of the most groundbreaking groups of recent Faroese music history, particularly prominent in 1990s, Sværriðsson set the bar for many of the young musical artists, who followed and wished to break through on their own. Proving the virtue and value in singing in Faroese, for example, Sværriðsson and Enekk were among those who inspired a new generation of Faroese creatives, focused on bringing forth a more original message.

In terms of maturing and showcasing a truly unique voice, heartfelt lyricism and unwavering musical ability, Kári must be regarded as one of the Faroes' most important music artists of today.

been present, as her long-time partner and producer, Hugin Eide, explains.

"There was going to be a Nordic film festival in '89 and Katrin and I agreed that it was unthinkable that no Faroese film was featured," Mr. Eide said. "Then the idea came and we managed to get a bit of funding for it. But the film crew was Danish, and all the equipment was acquired through the Danish Film Workshop. It was a massive undertaking, involving over 100 actors and 52 different scenes, featuring different actors for each scene. Thankfully, we weren't aware at the time of how logistically complex the whole thing would be."

The film wasn't to be finalized until the Danish Film Institute acted as guarantor to secure additional backing. Not until the day before the premiere of the film, set to open up the festival, everything fell into place.

"It was a big event," Mr. Eide noted. "9,000 people saw it in the cinema of the capital as well as others around the isles. It featured on the bill right after 'Out of Africa' and 'Rambo' but we beat their audience figures."

The likes of Meryl Streep and Sylvester Stallone didn't stand a chance against Ottarsdóttir's record-breaking movie, as a fifth of the Faroese population flocked to its premiere and subsequent screenings, around 60 in total, counting three times the attendance of other foreign films out at the time. The film shortly thereafter won the main prize at the Nordic Film Days festival in Lübeck, Germany, and featured in outlets such as Variety.

"It became a cult classic for fan clubs in Norway," Mr. Eide said. "It toured the US, South America, South Africa, India, was broadcast on TV in Denmark, Sweden, Germany, and we could go on."

RETAINING EXPERIENCE

At the time, Ottarsdóttir and Eide were the only Faroese filmmakers around. Today, an increasing number of young people embark on filmmaking degrees abroad and we've seen significant growth in the body of work produced—with Faroese feature film production set to rise.

Enter writer/director Sakaris Stórá, who, in the space of the past few years, has graduated from film school in Norway, won the first public Faroese film prize, Geytin, for his short film 'Summarnátt' (2012), and

last year won The Special Prize of the Generation 14 plus International Jury for his short film 'Vetrarmorgun' (2013), collecting three award nominations in total at the Berlin International Film Festival. Recently, Stórá along with writer Marjun Syderbø Kjelnæs finished the script for his first feature film, with production scheduled for this year.

At first, Stórá himself questioned whether his dream of working as a filmmaker could in fact be accomplished in the Faroes. It took a fateful meeting with a prominent American film director at the Reykjavik International Film Festival in Iceland in 2010—where Sakaris won The Golden Egg for his first short film 'Passasjeren' (2009)—to convince him.

"I used to think the Faroes were quite uninteresting, very limiting," he said. "I lost my way for a bit, you could say. But I always wanted to work in the Faroes due to it being my stomping ground as well as for the love of the language, and because I feel there is a need for it. There is a need for seeing your own time and society, depicted on the big screen."

On the difficulty of working in film and tackling potentially difficult subject matters in the Faroes, Stórá is adamant of its value, social and cultural, as well as economic and political.

"We don't have a tradition for filmmaking in the Faroes, even though film is of course prevalent and readily accessible here. What's important to remember is that even though one's circumstances might not be ideal, you can still achieve things with the right amount of will. It's so important to have and nurture that desire to do your thing anyway."

Stórá added: "And we should be determined to break into the international market. The stories might be told from a uniquely Faroese perspective, but the subject matters remain universal. It just makes it more



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interesting to place it in a unique setting like the Faroes. I don't have any ambition of moving elsewhere. It's important that we see our own circumstances depicted through our own lens regardless of what the point of view might be. That's how film can really serve its purpose."

The producer of 'Vetrarmorgun' and his forthcoming feature film, Ingun í Skrivarastovu, runs the production company Fish & Film and is one of the founders of the Faroese Filmmakers Association. She, too, firmly believes in the prospects of a budding Faroese film industry.

"There are fantastic opportunities out there," she commented.

"In fact 'Vetrarmorgun' has been distributed all around the world and translated into several languages. There is a big audience out there. It is a wonderful format, easy to distribute."

Ms. í Skrivarastovu added: "Instead of always highlighting potential challenges, we should focus on the opportunities present. Just as any other business would. The issue, as it stands, is that the work experience doesn't remain on the market but instead goes abroad. The time has come to make sure the work experience remains at home."

ENCOURAGING SIGNS

Having attracted the interest of several international companies in producing Mr. Stórá's forthcoming feature, Ms. í Skrivarastovu deems it possible to break the mold.

Still from the recording of Sakaris Stórá's 'Vetrarmorgun'.

Faroe Music Award 2015 winner Great Svabo Bech (below); Internationally successful Faroese rock group Týr performing in Tórshavn (left).



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MARIA OLSEN

“We cannot do it all on our own, but funding of productions should ideally be 50% Faroese. We cannot go abroad in search of backing without Faroese funding, if it’s to be done right.”

How about the generation of economic value?

Ms. í Skrivarastovu: “We do create jobs and a ripple effect throughout the local community. There are new income streams and job opportunities because of what we do here, not only during the production process itself but subsequently as well.”

Another company, charting new territory in the Faroes, is Green Animation Studios (GAS), set up last year after winning the StartUp Tórshavn entrepreneurial challenge for best business concept. Shortly thereafter, GAS attended the Creative Business Cup in Copenhagen, where they garnered interest from representatives of Google and crowd funding platform Indiegogo, highlighting their concept as ideal for online marketing and monetization.

“It is a catchy concept, not least due to it being so uniquely Faroese,” said CEO Elin Hentze. “Foreigners get excited about it. For us, the possibilities are endless.”

In short, GAS is about creating 3D animated films with a focus on Faroese history, tradition and arts and to showcase Faroese culture worldwide. The company’s first project, ‘Kópakonán’, is based on a centuries-old folklore legend about a young farmer and



IVERKSETAPAFUSID

Scene from a Game Jam session in Tórshavn.

selkie/seal woman, traditionally told through song and dance. It is a tried and tested tale recognized across the North Atlantic, although GAS will reinvent it for their purposes. The project consists of a 3-part mini-series with the first 25-minute part currently in pre-production.

“It’s a challenge because of the costs involved,” Ms. Hentze said. “Producing just one of the three parts carries the equivalent cost of building a house.”

Ms. Hentze continued: “Part of the challenge is also keeping the project Faroese. By embarking on a Nordic collaboration, you might get more grants but it may become more costly as well, and you run the risk of sacrificing a few things—a tail here, a toe there. And then it is no longer a uniquely Faroese production.”



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Edward Fuglø, a painter and designer whose work has been showcased across the Nordic countries as well as Europe, spanning a wide range of technology and artistic avenues, including set designs, children’s books, stamps and gallery exhibitions amongst other things;

Partial view of art installation by Edward Fuglø exhibited in Tórshavn on the occasion of the full solar eclipse of 20th March 2015 (above).

In GAS’ quest to carve out their own niche of a budding Faroese film industry, Ms. Hentze calls for a dedicated, government-appointed board, similar to the Faroese Tourism Board, focused on supporting the creative industries of the Faroes.

“I think the conditions of the creative industries could be improved upon. There are so many valuable resources here, not least the people. The biggest risk we run is that of a brain drain and exporting all of our best creative minds.”

And there are countless other examples of the flourishing creative capital of the Faroes. Take artist Edward Fuglø, whose work covers everything from stamps to large-scale gallery instalments, the proprietors of which include the Queen of Denmark amongst others.

Or take knitwear label Guðrun & Guðrun, who have retailers worldwide and are featured in one of the biggest Scandinavian TV series of recent years, ‘The Killing’—with the main character’s preferred woolly jumper vying for becoming one of the Faroes’ best-known exports.

In music, consider fantastic national folk treasure Kári Sverrisson, Grammy Award nominated songstress Greta Svabo Bech or multi-producing prodigy Benjamin Petersen. These are just a few examples. The Faroes has a thriving cultural ecology.

In seeking to develop new competitive industries for the future, it is of vital importance to encourage the entrepreneurial spirit, and it is a positive trend that Faroese creatives see the potential of the islands as well as their heritage, amid growing concerns of an overall declining population. They dare to dream bigger and work to transcend old market boundaries. They seem to rely on more agile business principles where you grow and decrease your business with flexible budgets and overhead costs, depending on immediate demand. Success is not guaranteed but neither is failure. Through the prism of Faroese film, today’s prospects of a rising creative economy in the Faroes are encouraging.



MARIA OLSEN

GLASS MASTER

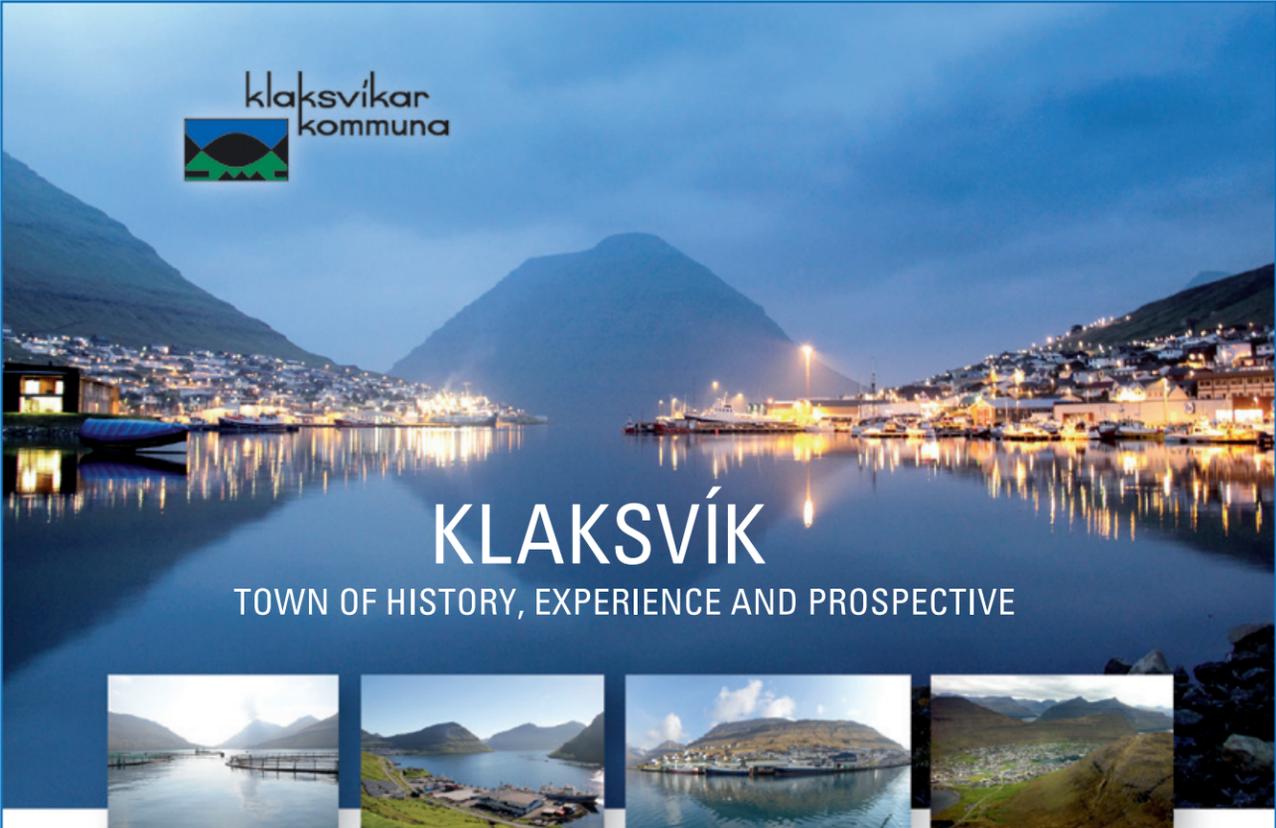
Artist-adventurer Tróndur Patursson has traveled across the globe and had his works exhibited far and wide.

FEW ARE as prevalent in the context of Faroese art history as Tróndur Patursson. A painter, sculptor, glass artist and adventurer, Tróndur Patursson is just about synonymous with creative skill and imagination. With works exhibited around the world—in the United States, Asia, and Europe—and despite his dream to roam the seas like a bird, as once professed, Tróndur has always remained a loyal countryman.

Born in the small village of Kirkjubøur, where he still lives and works, the North Atlantic Ocean has always been

only a stone’s throw away. Perhaps this has inspired some of his incredible life journeys, both artistic and geographical ones, following in the footsteps of Daniel Defoe’s Robinson Crusoe. The sea has proven his biggest inspiration, although it has also threatened him on many sailing adventures.

Widely recognized, amongst other things, as a leading figure in the Faroese art world, Patursson’s works build upon an abstract view of things. His glass artwork are found in many buildings, the largest one decorating the church in Gøta.

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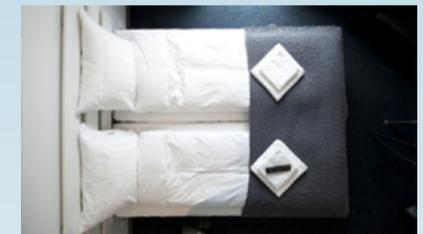
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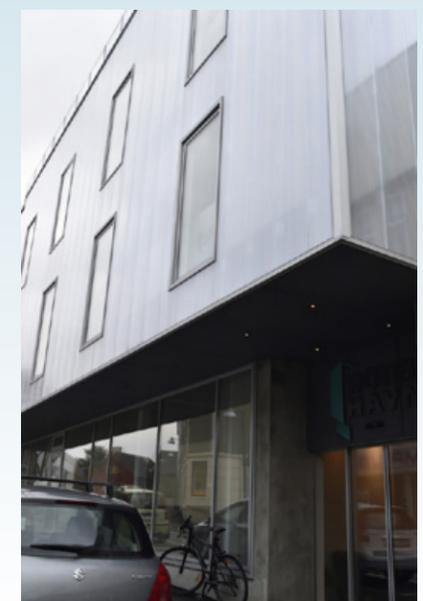


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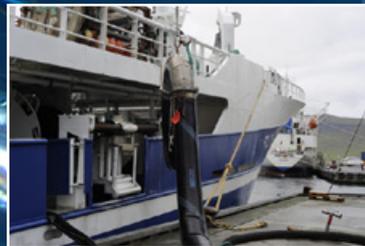
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